

# Focused Growth

1st Quarter, 2010

## Overview

RCM has managed large cap growth equity portfolios since 1970. RCM's Focused Growth equity investment strategy seeks to generate superior long-term returns in concentrated portfolios invested in high-quality growth companies selected through a diligent bottom-up investment process.

## Philosophy

Based on the belief that by generating and exploiting an information advantage we seek to drive superior and consistent investment results for the benefit of our clients - a philosophy we call RCM informed. This perspective enables us to identify what we believe are winning companies with high quality franchises. Our investment professionals, working in a team-orientated meritocracy, focus on constructing portfolios offering attractive risk-adjusted returns.

## Portfolio Construction

- The team targets companies that possess superior management, strong balance sheets, differentiated products or services, substantial unit growth, strong commitments to research and development, and a steady stream of new products or services
- Stocks considered for the portfolio must meet rigorous growth, quality, and valuation criteria
- RCM's best ideas result in a portfolio of 25 to 45 predominantly large cap stocks
- Minimum 1% position size; maximum 10%
- Individual holdings are weighted according to risk-adjusted return potential

## The RCM Advantage

- Global investment infrastructure.
- Innovative proprietary research platform generating bottom-up stock selection:
  - Over 60 sector-based fundamental analysts.
  - Grassroots® Research with a network of circa 300 independent journalists and field force researchers, with over 50,000 industry contacts.\*
- A boutique culture offering dedicated business professionals engaging with clients proactively and dynamically in partnership.

## Product Profile

Number of Accounts:	11
Product Assets:	US\$1,594.2 million
Years Managed:	21
Benchmark:	Russell 1000 Growth Index

## Key Investment Professionals



**Scott Migliori, CFA**

CIO, RCM San Francisco  
Senior Portfolio Manager

Joined Firm: 2003

Investment Career Began: 1995



**Edward Painvin, CFA, CMT**

Portfolio Manager

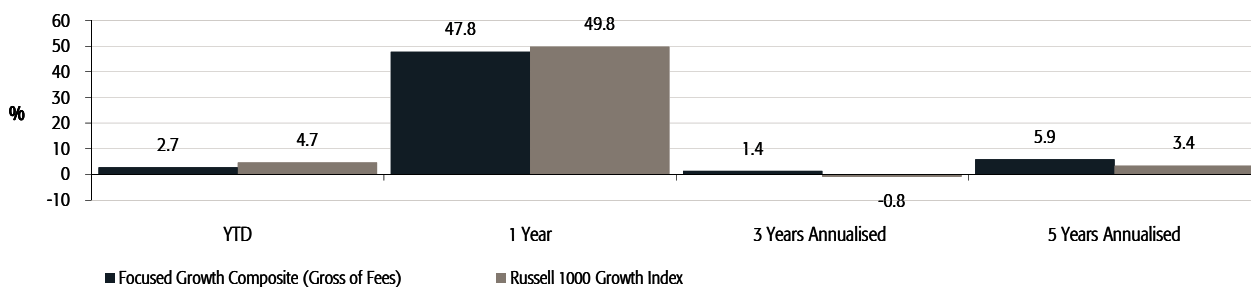
Joined Firm: 2000

Investment Career Began: 1997

\* Grassroots® Research is a division of RCM. Research data, used by Grassroots® Research to generate recommendations, are received from reporters and field force investigators who work as independent contractors for broker-dealers.

## Focused Growth, 1st Quarter, 2010

### Performance (Gross of Fees in USD)



Source: RCM, as at 31 March 2010, USD

### Representative Account

#### Characteristics

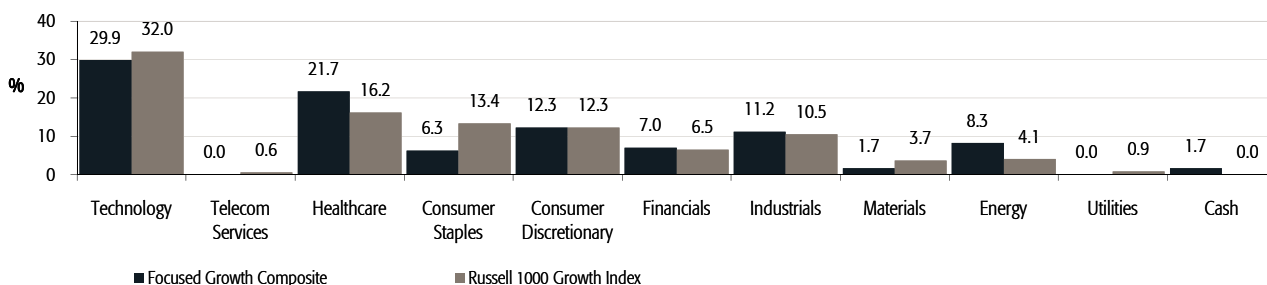
Beta	1.0
P/E (Next 12 Months)	16.9x
Earnings Growth (Next 3-5 Years)	15.6%
P/E (Next 12 Months) to Growth	1.08x
Weighted Average Market Cap	US\$67.9 billion
Number of Holdings	38

#### Top Ten Holdings

Apple Inc	7.4%
Teva Pharmaceutical Industries Ltd ADR	3.5%
Kohl's Corp	3.4%
Coca-Cola Co (The)	3.3%
General Dynamics Corp	3.3%
FedEx Corp	3.2%
Hewlett-Packard Co	3.2%
Starwood Hotels & Resorts Worldwide	3.1%
Lowe's Cos Inc	3.1%
Express Scripts Inc	3.1%

Source: RCM, as at 31 March 2010

#### Sector Composition (% of Portfolio and Benchmark)



Source: RCM, as at 31 March 2010

Past performance is not a reliable indicator of future performance. The value of an investment and the income from it can fall as well as rise as a result of market and currency fluctuations and you may not get back the amount originally invested.

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