

# RIC US Small Cap Equity Fund

## Performance Review

**\*Due to an Irish bank holiday on 31st October 2011, month end fund prices have been adjusted using the benchmark performance on that day.**

	One Month %	Three Months %	Year to Date %	One Year % <sup>1</sup>	Three Years %	Five Years %	Ten Years %	Since Inception % <sup>2</sup>
RIC US Small Cap Equity Fund (\$ Gross of fees)	14.5	-5.6	-1.5	10.4	16.0	2.4	7.7	7.6
RIC US Small Cap Equity Fund (\$ Net of A fees)	14.4	-5.9	-2.4	9.2	14.8	1.4	6.6	6.4
Russell 2500 Index Net (\$) <sup>3</sup>	14.6	-6.2	-2.7	7.6	15.5	1.6	7.5	7.0
Morningstar Median Manager (\$) <sup>4</sup>	15.1	-5.9	-2.9	8.5	16.2	1.6	6.8	6.3
Quartile Ranking	3	3	2	2	4	3	3	2
Fund Size \$ 235m								

<sup>1</sup> Returns greater than one year are annualised.

<sup>2</sup> Inception date 16/06/1997

<sup>3</sup> Prior to 1st January 2009, benchmark was gross of withholding tax, total return. Benchmark currently net of withholding tax.

<sup>4</sup> Morningstar Offshore & International Smaller Companies N America Universe

## Market Performance

### Overview

After a very negative third quarter, fears of a double dip recession in the U.S. and of sovereign debt contagion in Europe seemed to abate during the month of October as the Russell 2500 Index finished up 14.6%, its highest one-month return since December of 1991. Many market pundits saw the move as a natural reversion from the historically depressed valuations that were exhibited at the end of September. In sharp contrast to what happened during the second and third quarters of 2011, the U.S. equity market was led by the more cyclically-oriented energy, materials and processing sectors. The more defensively-oriented utilities and consumer staples sectors, which held up well in previous months, lagged the market during October. Stocks with high beta and high earnings variability and those with low price-to-book and low-price to-earnings values were also rewarded during the period. The largest cap stocks faced a more difficult factor environment as investors were rotating toward riskier securities during the month. As measured by Russell indexes, value outperformed growth. After consistently falling throughout 2011, yields on Treasuries modestly rose during the month of October.

## Fund Performance

### Performance History (1)



(1) Performance is quoted gross of management fees.

### Key Drivers

The Fund finished flat over the month as positive returns from Integrity and Buckhead were pared back by Summit Creek and Next Century. Managers with higher exposure to risk outperformed the more defensive managers, however value managers outperformed growth managers. At a sector level, stock selection within technology added the most to returns, particularly in computer services software & systems companies. The Fund's underweight position to the more defensive utilities sector was favourable in the risk-on environment. Dragging on returns was stock selection in health care.

## Manager Review

Manager	Approach / Process	Excess Return	Russell Analysis
Next Century Growth Investors	Growth	-1.3%	Next Century underperformed over the month, mainly driven by ineffective stock selection. Holdings within health care were the largest detractors, in particular an overweight position to SXC Health Solutions, as the share price plummeted on the risk of losing its largest customer, HealthSpring who account for one-third of the company's revenues for 2012, as rival Cigna announced it would buy the company. In addition, stock selection within materials & processing weighed on returns.
Integrity	Value	1.2%	Integrity outperformed over the period as the manager benefited from an overweight exposure to risk, primarily beta and earnings variability. Gains were seen through positive stock selection during the month. Selection was positive across the majority of sectors, with selection in producer durables the largest positive contributor, notably an overweight positions to Greenbrier Cos, Wabash National and Robbins & Myers.
ClariVest	Market - Oriented	-0.5%	ClariVest underperformed over the month as it was hindered by ineffective stock selection. Holdings within health care were the largest hindrance, in particular Computer Programs & Systems and Cooper. Additionally, selection within financial services (Ezcorp, American Capital Agency) was a detractor. In contrast, stock selection in the energy sector (Complete Production Services, Helmerich & Payne, Tesoro) pared back some losses.
DePrince, Race & Zollo Inc.	Value	-0.4%	DePrince lagged the Fund's benchmark over the month, however outperformed its own benchmark. The overweight position to the energy sector and stock selection within producer durables were the largest detractors. In contrast, the managers effective stock selection in materials & processing was beneficial, in particular an overweight position to steel and metal manufacturer Commercial Metals, as the company rose after stakeholder Carl Icahan announced his nomination of three directors to the board. Positioning and selection within financials was also favourable.
Buckhead	Value	0.4%	Buckhead finished ahead of the benchmark over the period, mainly driven by its positioning and stock selection in the utilities sector. In relation to the latter, an overweight position to Premiere Global Services was beneficial as the company rose after it raised its financial outlook for 2011. Holdings within the producer durables sector also added to returns, notably overweight positions to Con-Way, Kelly Services and TriMas. As investors move to riskier assets over the month selection within the financials sector was positive.
Summit Creek Advisors	Growth	-2.6%	Growth manager Summit Creek underperformed over the month due to its weak stock section. At a sector level, producer durables were the largest detractor, notably an overweight exposure to business intelligence and software provider Advisory Board. Additionally, an overweight position and selection within the more defensive health care (Catalyst Health Solutions, SXC Health Solutions, HMS Holdings) sector detracted from returns in the risk-on environment.

Fund Statistics

Manager Weights	Characteristics	Fund	Benchmark
<ul style="list-style-type: none"> <li>■ Next Century Growth Investors: 18.0%</li> <li>■ Integrity: 16.0%</li> <li>■ ClariVest: 20.0%</li> <li>■ DePrince, Race &amp; Zollo Inc.: 16.0%</li> <li>■ Buckhead: 12.0%</li> <li>■ Summit Creek Advisors: 18.0%</li> </ul>	Sector Deviation	9.31	--
	Market Cap Weighted Nlog	-0.27	--
	Price/Earnings (excl negative earnings)	16.63	14.79
	Dividend Yield	1.58	1.68
	Price to Book	1.66	1.58
	EPS Growth (1 Year)	24.34	18.23
	Tracking Error	Fund	Average Manager
One Year	2.5	4.4	
Three Years	2.4	7.4	
Five Years	3.0	8.0	

Fund Analysis

Sector Exposure <sup>1</sup>	Fund %	Benchmark %	Sector Returns
Consumer Discretionary	15.5	15.0	17.8
Consumer Staples	2.9	3.2	8.8
Energy	4.1	6.4	25.8
Financial Services	17.0	22.1	12.6
Health Care	10.7	10.4	8.8
Materials & Processing	7.7	8.1	16.3
Producer Durables	18.5	14.8	17.4
Technology	19.4	13.2	16.7
Utilities	4.2	6.8	6.7

<sup>1</sup> Sector Weights may not sum to 100% due to rounding.

Top Ten Holdings

Company Name	Fund %	Benchmark %	Country	Sector
Advisory Board Co. (The)	1.2	0.0	United States	Producer Durables
HealthExtras, Inc.	1.1	0.1	United States	Health Care
ULTIMATE SOFTWARE GROUP INC	1.0	0.1	United States	Technology
ANSYS, Inc.	1.0	0.2	United States	Technology
SXC Health Solutions Corp.	0.9	0.1	United States	Health Care
HMS HOLDINGS CORP	0.9	0.1	United States	Health Care
EXLSERVICE HOLDINGS INC	0.8	0.0	United States	Producer Durables
Jones Apparel Group, Inc.	0.8	0.0	United States	Consumer Discretionary
BJ'S RESTAURANTS INC	0.8	0.0	United States	Consumer Discretionary
LKQ CORP	0.8	0.2	United States	Consumer Discretionary

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