

## Thornhill American Trust

Quarter end report - September 2008

**Authorised Corporate Director:** Thornhill Unit Trust Managers Limited  
**Fund Manager:** Dan Strickberger/Steve Memishian - DSM Capital Partners, New York  
**Launch Date:** December 2002  
**Depository:** HSBC Bank plc

PRICE/VALUE			PERFORMANCE DATA - CAPITAL RETURN					
Bid price (p)	Offer price (p)	Net Assets (£'m)	PORTFOLIO			S&P 500 INDEX		
			% Gain/Loss			% Gain/Loss		
			Quarter	YTD	Since Launch	Quarter	YTD	Since Launch
91.28	96.25	17.66	-2.36%	-9.35%	36.73%	1.74%	-11.29%	8.74%

DISCRETE ANNUAL RETURNS TO 30 SEPTEMBER					
PERCENTAGE GROWTH	30/09/03 - 30/09/04	30/09/04 - 30/09/05	30/09/05 - 30/09/06	30/09/06 - 30/09/07	30/09/07 - 30/09/08
FUND	-6.00%	16.93%	1.36%	17.55%	-7.55%
S&P 500	2.75%	12.77%	2.96%	4.79%	-12.68%

Source: Lipper Hindsight. Capital return. Since launch data is shown from 29/11/02.

These figures relate to past performance. Past performance is not a reliable indicator of future results.

### Overview

During the third quarter of 2008, the Thornhill American Trust fell by 2.36% while the S&P 500 was up 1.74% in sterling terms.

At the end of the quarter, the Trust was invested primarily in the healthcare, technology, industrial and financial sectors, with smaller weights in the materials, consumer staples and consumer discretionary sectors.

During the third quarter, the best performing positions in the portfolio were Varian Medical Systems, Genzyme and Gen-Probe. The worst performers in the third quarter were Schlumberger, ABB Ltd, Google, FMC Technologies, Cameron International, Monsanto and Apple Computer.

### Third Quarter Activity

Recently, as the financial crisis unfolded around the world, we developed a list of those securities that we felt represented the best portfolio to move forward with into 2009 and beyond. We have made a number of adjustments; principally further limiting exposure to economically sensitive companies and reducing exposure to the energy services industry. We have reinvested capital into the new list of names that we believe are best positioned for both the more difficult near-term and the long-term as well.

Accordingly, during the third quarter we sold positions in C H Robinson and Expeditors International as we believed that US and Global trade volumes would contract. We sold Autodesk, Microsoft, News Corp and Cognizant Technology Solutions as it became more apparent that demand for their products and services would be hurt by the recession. Weatherford, Halliburton and Cameron International were sold due to oil prices falling faster than we expected. MasterCard was sold as a result of the turmoil in the banking industry.

During the third quarter, we initiated positions in Novo Nordisk, Intuitive Surgical and CR Bard. We have followed these three healthcare companies for a long while, and we were able to purchase them at attractive valuations. We started a position in Western Union, the leading global money transfer company in the world. On the consumer side, we began a position in Amazon, the online retailer, which is taking market share at a high rate from traditional retailing as well as other online retailing. We started a position in Nestle, the world's largest food company. And finally, we opened positions in two technology companies, Qualcomm and Research In Motion, whose long-term growth is tied to the smart phone business.

### Looking Ahead

Today, the TAT portfolio is valued at just 13.2x our weighted average earnings estimate for 2009. We have trimmed our earnings estimates for some companies and, including changes in the portfolio, still expect weighted average earnings growth of 18% in 2009 and in the medium term.

We believe there are two fears that drove the stock market down. The first was fear of recession and, more recently, fears of an economic meltdown or depression. We believe that the likelihood of an economic meltdown is slim, due to the actions of the world's central banks. In our view, valuations today reflect fears of a depression that will not occur. Therefore, we believe that as investors slowly regain their confidence, stocks should comparably move upward to a valuation level that reflects a recession, but not a depression. Throughout history, recessions are normally followed by economic recovery. We believe that will be the case this time as well and, as that occurs, we believe the portfolio will realise its substantial upside potential.

**Top ten holdings at 30.09.08**

Celgene	8.20%	Schering-Plough	4.32%
Schlumberger	7.04%	Stryker	4.14%
Genzyme	6.65%	SEI Investments	3.88%
Monsanto	4.90%	ABB	3.75%
Google	4.45%	Adobe	3.73%

**Investment policy**

The Thornhill American Trust was launched in December 2002 and is managed on behalf of Thornhill Investment Management by DSM Capital Partners, a New York based investment advisor. The managers, Steve Memishian and Dan Strickberger, set up the firm in 2001 having both worked at WP Stewart for over 10 years and between them they have over forty years investing experience.

The fund invests in US growth companies with attractive returns, solid business fundamentals and intelligent management. A concentrated list of approximately 30 stocks is managed through a disciplined valuation driven approach with a large/mid-cap split of approximately three to one.

**Minimum holding**

The minimum holding and minimum amount for any subsequent investments is 1,000 units. The minimum number of units that may be redeemed in one transaction is 200 units.

**Charges**

The Manager may impose a charge on the sale of shares to investors. The current initial charge is 5% of the amount invested by the prospective shareholder. The Manager may also make a charge on the redemption of shares. At present no redemption charge is levied. An annual management charge of 1.75% of the mid-market value of the fund is also charged.

**Dealing**

Dealing and administration: 0845 6081464  
9.00am - 5.00pm (priced forward)  
Valuation point: 08.00am each business day

**Ex-distribution dates**

Final	1 July	Interim	1 January
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**Share Class**

Income

**Sedol Code**

889179

**ISIN number**

GB0008891797

The Trust Prospectus, Key Features and Application Forms may be obtained from Thornhill Unit Trust Managers Limited. The value of investments and the income derived from them may go down as well as up and you may not get back the amount originally invested. The comparative benchmark is that of the S&P 500 which is composed of the largest 500 stocks in the US S&P index by market capitalisation. Changes in rates of exchange between currencies may cause the value of investments to decrease or increase. The value of any tax relief depends on individual circumstances and may be subject to change in the future. If you have any doubts about your tax position, you should seek professional advice.

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