INVESTMENT REVIEW

30th June 2011

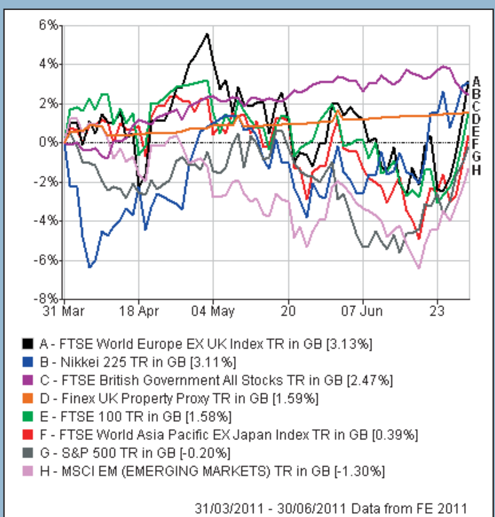
BECKETT ASSET MANAGEMENT LTD

MARKETS MOVE FASTER THAN POLITCIANS

END OF QE2 IN US

COMMODITY PRICES APPEAR TO HAVE PEAKED

PUSH PULL CONTINUES



Figures shown are for a sterling denominated investor, for the 3 month period to 30/06/2011. Source: Financial Express Analytics

Tensions over sovereign debt have been a feature for many months now, with markets often moving faster than the politicians. As expected, the Greek Parliament voted in favour of the austerity measures, which were a condition for receiving another tranche of aid, as an additional amount to the original bail-out last May. It should enable Greece to fund its debt and prevent a default in the short term.

This helped to boost risk appetite at the end of the quarter and markets regained some of their poise. European Equities were fairly resilient as the peripheral nations form a small part of the Eurozone. Germany is the powerhouse and the lower Euro has helped exporters and our active stock pickers, either in global or explicit European funds, have sought out some very good investment opportunities.

On the 30th June, the US Federal Reserve reached the end of its second phase of unconventional monetary policy, Quantitative Easing (QE2). The aim and immediate impact of these measures was to boost sentiment and overt a crisis, but they have also had wide ranging impacts on the global economy, depressing the US Dollar and fuelling commodity prices, causing inflation.

A number of commodity prices appear to have peaked in late April. Contributing factors include the softening of economic momentum and the reduction in US growth expectations. Plus on the 23rd June the International Energy Agency released 60 million barrels of oil from its strategic reserves, which reduced prices by 5% immediately, causing the WTI (West Texas Intermediate) spot benchmark to fall briefly below $90 per barrel. The volatile nature of commodities, which all have their own different supply and demand characteristics, is accessed selectively through certain stocks within regional funds, with specific exposure limited to our more adventurous strategy.

The consensus is that inflation in the UK is close to peaking and will fall back towards target over the next year or so, justifying the MPC (Monetary Policy Committee) stance to hold rates. Of the largest developed economies, the European Central Bank is the only major central bank increasing interest rates in response to commodity-based inflation. Monetary tightening in China remains orderly and appears to be at, or nearing, a peak. Growth might be lower than it has been, yet the International Monetary Fund still forecast a rise of 9.5% in Chinese GDP this year. This should help drive the Asia pacific region, which all our strategies have varying exposure to, and support global growth, underpinning equity markets and other risk assets.

Indeed in May, we saw the largest ever IPO (Initial Public Offering) on the London Stock Exchange - Glencore, a global commodity trader. We also saw the United States IPO of LinkedIn, a social networking website. This more than doubled on the first day of trading - glimmers of the dot.com boom? The take up of these shares suggests investor appetite remains solid, despite the prevailing macro-economic issues.

As Japan gets back on its feet after the tsunami, it seems earnings expectations are perhaps not taking into account the speed of the recovery and there could be a strong recovery for Japan's stock market in the second half. Our holdings here in our higher risk strategies should benefit. The amount of debt here though is a concern and some of our fixed income and macro managers held in our Income and Income and Growth strategies and are positioning to benefit from a rise in bond yields.

Retaining a diversified portfolio of assets, including commercial property, in our lower risk, income seeking portfolios and utilising high quality active managers has helped to deliver positive returns in excess of the benchmark for the bulk of our portfolio strategies over the last 12 months.

The continued push pull that has occurred in markets of strong corporate profitability versus sovereign stability issues, high commodity prices and inflation, harks back to 2010, the issues then were not that different. Then as now, company management and earnings were telling a different story, which turned out to be correct.

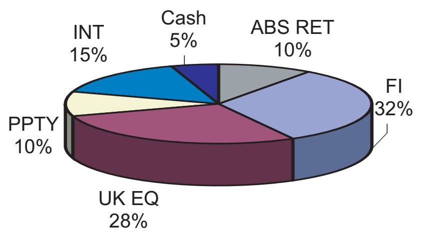
BAM Portfolio Models' Investment Performance

	30/06/06 to 30/06/07	30/06/07 to 30/06/08	30/06/08 to 30/06/09	30/06/09 to 30/06/10	30/06/10 to 30/06/11
Income Portfolio Strategy	+10.4% ▲	- 9.6% ▼	- 13.2% ▼	+15.6% ▲	+11.9% ▲
Income & Growth Portfolio Strategy	+12.4% ▲	- 12.2% ▼	- 14.2% ▼	+16.9% ▲	+15.2% ▲
Growth Portfolio Strategy	+20.2% ▲	- 6.9% ▼	- 16.3% ▼	+15.8% ▲	+20.2% ▲
Adventurous Growth Portfolio Strategy	+17.7% ▲	- 6.0% ▼	- 20.5% ▼	+13.7% ▲	+15.6% ▲
Indices					
IMA CAUTIOUS MANAGED	+8.10% ▲	- 6.62% ▼	- 9.09% ▼	+14.11% ▲	+9.75% ▲
IMA BALANCED MANAGED	+13.35% ▲	- 8.75% ▼	- 13.25% ▼	+16.75% ▲	+14.54% ▲
IMA ACTIVE MANAGED	+15.46% ▲	- 8.66% ▼	- 16.40% ▼	+17.98% ▲	+16.86% ▲
FTSE ALL SHARE	+18.37% ▲	-13.03% ▼	- 20.49% ▼	+21.14% ▲	+25.63% ▲
FTSE A BRIT GOVT ALL STOCKS	- 0.67% ▼	+6.18% ▲	+12.94% ▲	+6.71% ▲	+3.13% ▲
FTSE WORLD	+15.70% ▲	- 8.50% ▼	- 13.49% ▼	+22.87% ▲	+22.36% ▲
FTSE WORLD EUROPE (EX UK)	+25.85% ▲	- 8.86% ▼	- 20.11% ▼	+15.86% ▲	+29.56% ▲
FTSE WORLD ASIA PACIFIC (EX JAPAN)	+30.27% ▲	- 2.35% ▼	- 10.08% ▼	+32.49% ▲	+27.94% ▲
JAPAN NIKKEI 225	- 0.13% ▼	- 12.75% ▼	- 1.93% ▼	+13.08% ▲	+6.83% ▲
S&P 500	+10.54% ▲	- 12.94% ▼	- 11.55% ▼	+25.19% ▲	+21.07% ▲

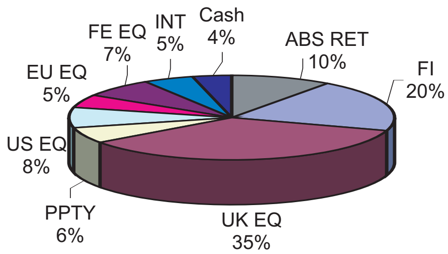
Note: BAM figures take into account normal dealing costs <u>BUT NOT</u> BAM fees.
Source: BAM portfolio performance figures: Beckett Asset Management
Indices: Lipper Hindsight Basis: Total return UK NET GPB
IMA: Investment Management Association
OVERSEAS EQUITY RETURNS ARE FOR A STERLING DENOMINATED INVESTOR. *Past performance is no indicator of future performance*

Target Model Portfolio Structures 30/06/2011

Income Portfolio Strategy



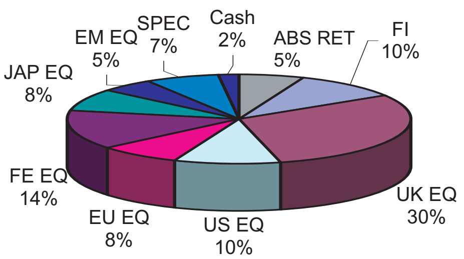
Income and Growth Portfolio Strategy



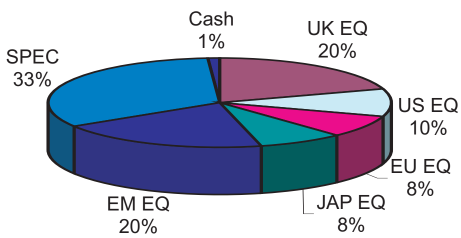
Please note that asset allocations may change over time

EM EQ	Emerging Markets Equities
EU EQ	European Equities
FE EQ	Far East Equities
FI	Fixed Interest
INT	International Equities
PPTY	Property
UK EQ	UK Equities
US EQ	United States Equities
JAP EQ	Japanese Equities
SPEC	Specialist Equities
AB RET	Absolute Return

Growth Portfolio Strategy



Adventurous Growth Portfolio Strategy



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