equilibrium

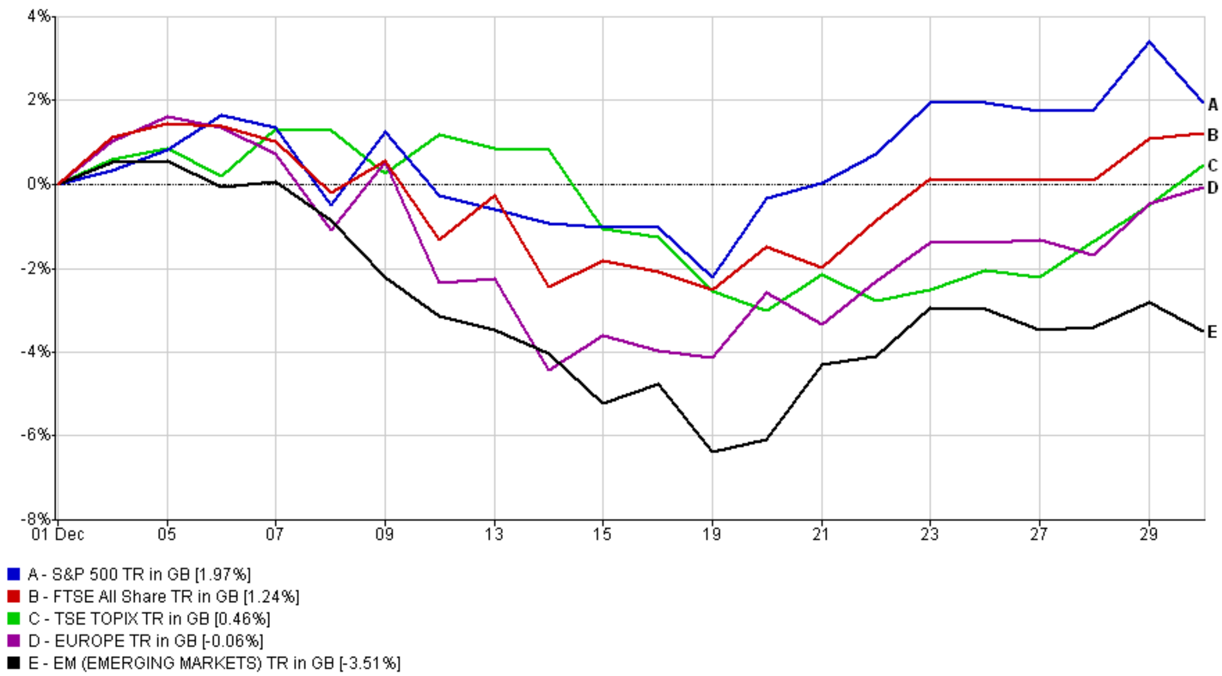
Performance Summary to 31 December 2011

Fundamental Indicators

Index	Value	Last Month's Value
UK 10 Year Gilt Yield	2.02%	2.28%
FTSE Allshare P/E Ratio	10x	10.6x
FTSE Allshare Yield	3.4%	3.4%
Spread v Gilt	1.38%	1.12%
IBOXX Sterling Corp Bond Yield	5.54%	5.95%
Spread v Gilt	3.52%	3.67%
Breakeven inflation 2016 IL Gilt	2.45%	2.43%
Breakeven inflation 2024 IL Gilt	2.68%	2.75%
IPD UK All Property Yield	6.0%	6.0%
Spread v Gilt	3.98%	3.72%

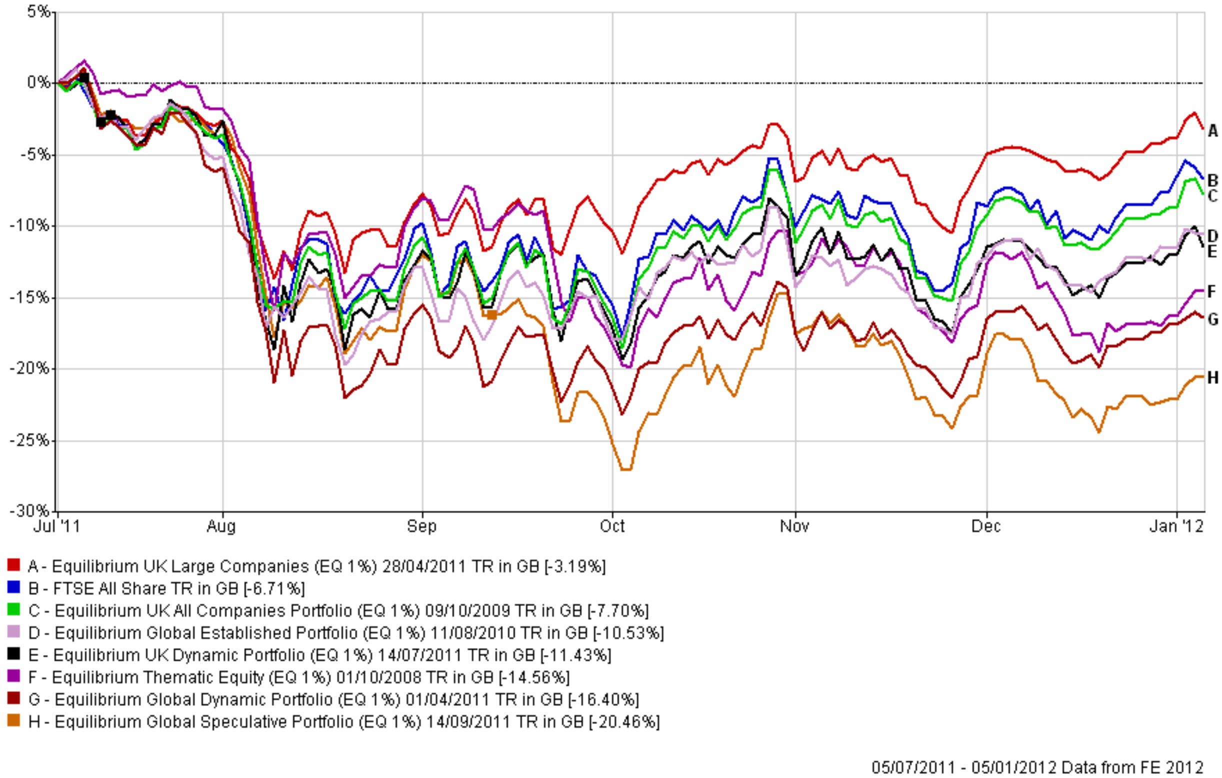
Equity

The month of December was a positive month overall for global markets after initially experiencing moments of volatility due to the continuing instability of the global economy. The emerging markets are the only region to underperform over the month, losing 3.5%. Europe finshed off flat in December at around 0.05%. The S&P delivered the best returns at close to 2%.

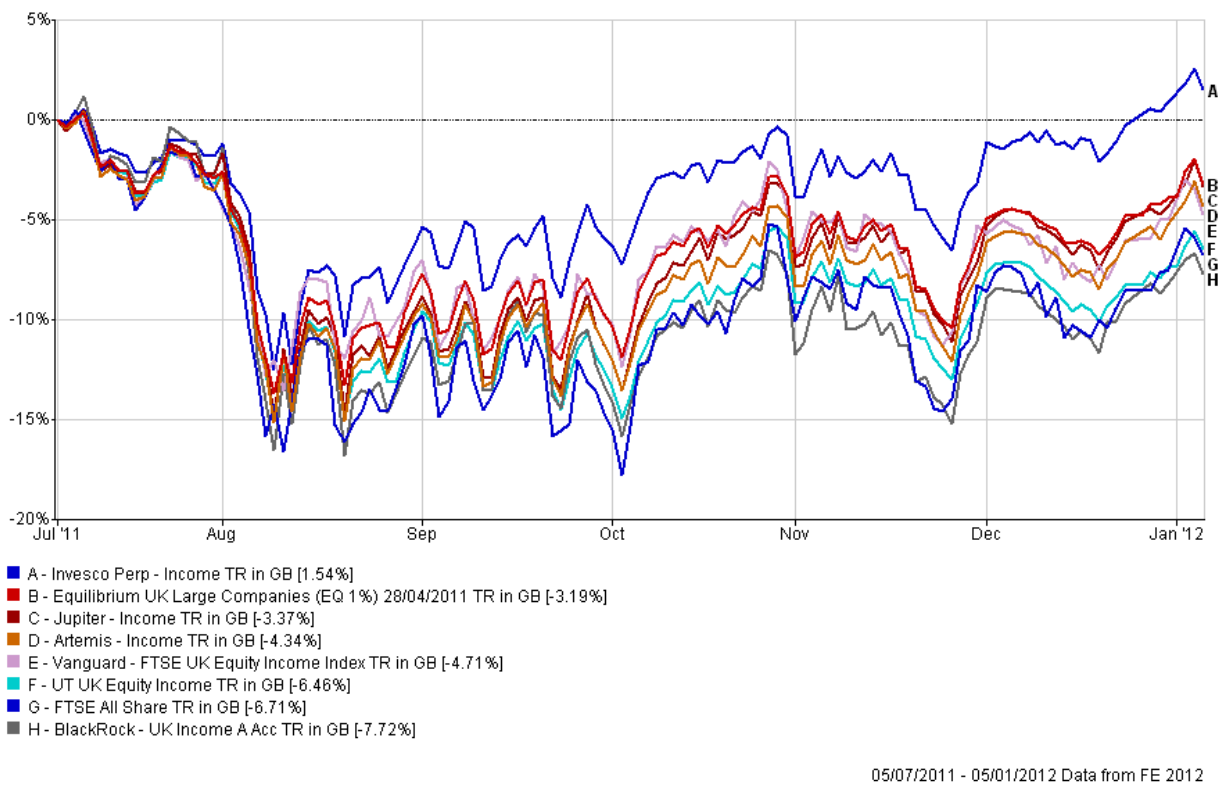


01/12/2011 - 30/12/2011 Data from FE 2012

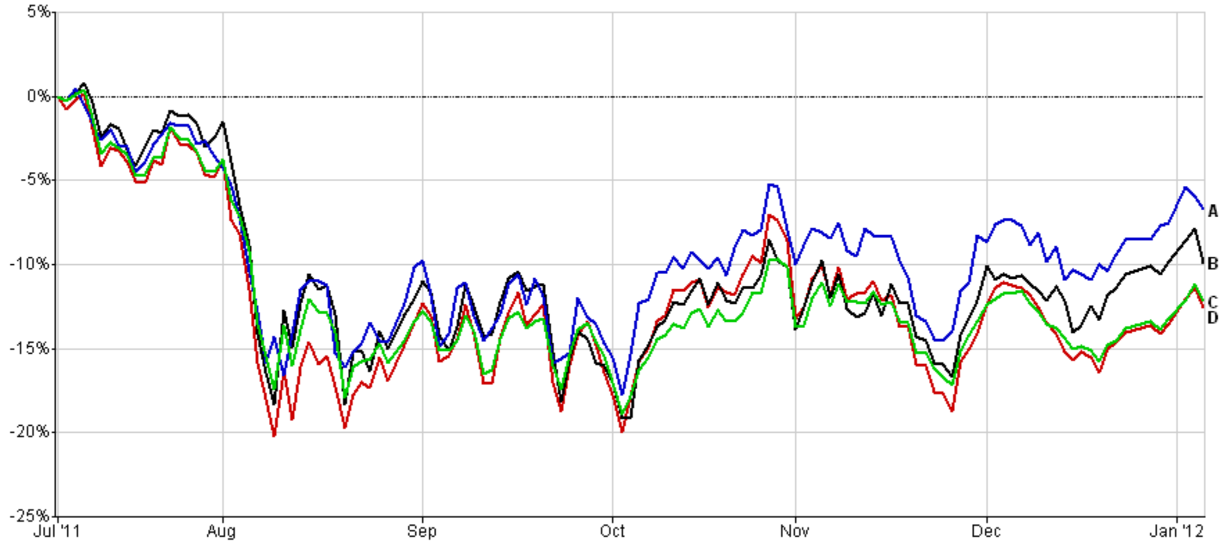
All of our equity portfolios were negative over six months. Our UK Large portfolio is the 'least bad' of the portfolios, losing -3.2%. This is due to the UK Large funds being heavily defensive and losing less during these periods of continuing volatility in the markets.



The UK Large portfolio has continued to outperform the sector average and FTSE All-Share over the past six months. The Invesco Perpetual Income fund is still the top performing UK equity fund throughout all of our portfolios. The fund had an excellent run in December; returning around 2.5%. The Blackrock fund is the only Income fund to underperform the sector average in this period due to its slightly more growth orientation.



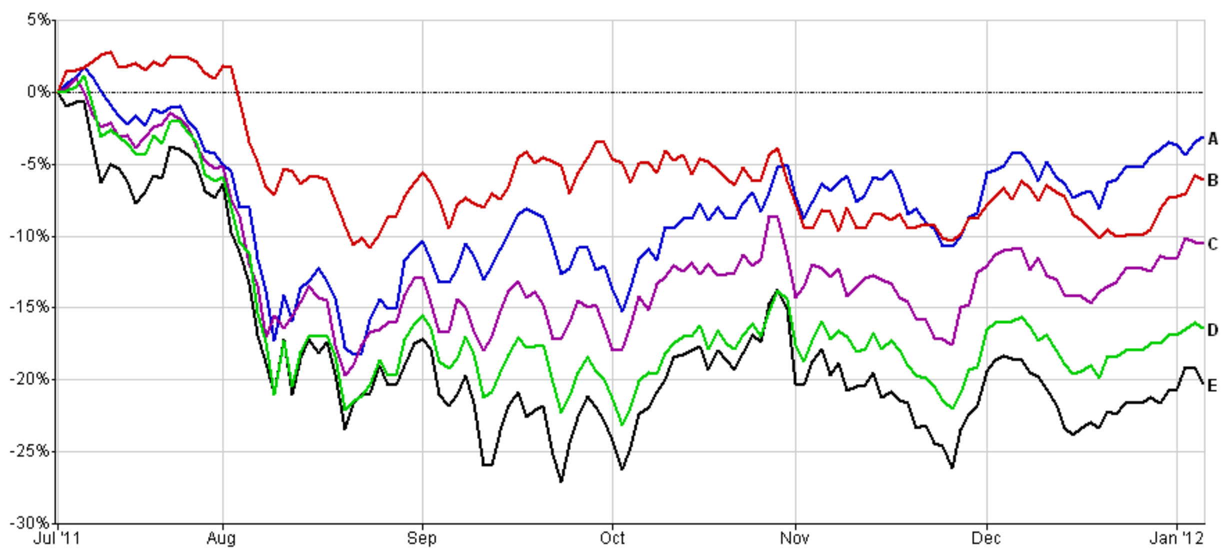
M&G Recovery fund is now the top performing UK Dynamic fund over six months. We have expected all the funds in this portfolio have underperformed the FTSE All Share, due to their dynamic nature. The Schroder UK Alpha Plus has now lagged behind the other two funds in performance.



- A - FTSE All Share TR in GB [-6.71%]
- B - M&G - Recovery A Acc GBP TR in GB [-9.95%]
- C - Artemis - UK Special Situations R TR in GB [-12.18%]
- D - Schroder - UK Alpha Plus A Acc TR in GB [-12.57%]

05/07/2011 - 05/01/2012 Data from FE 2012

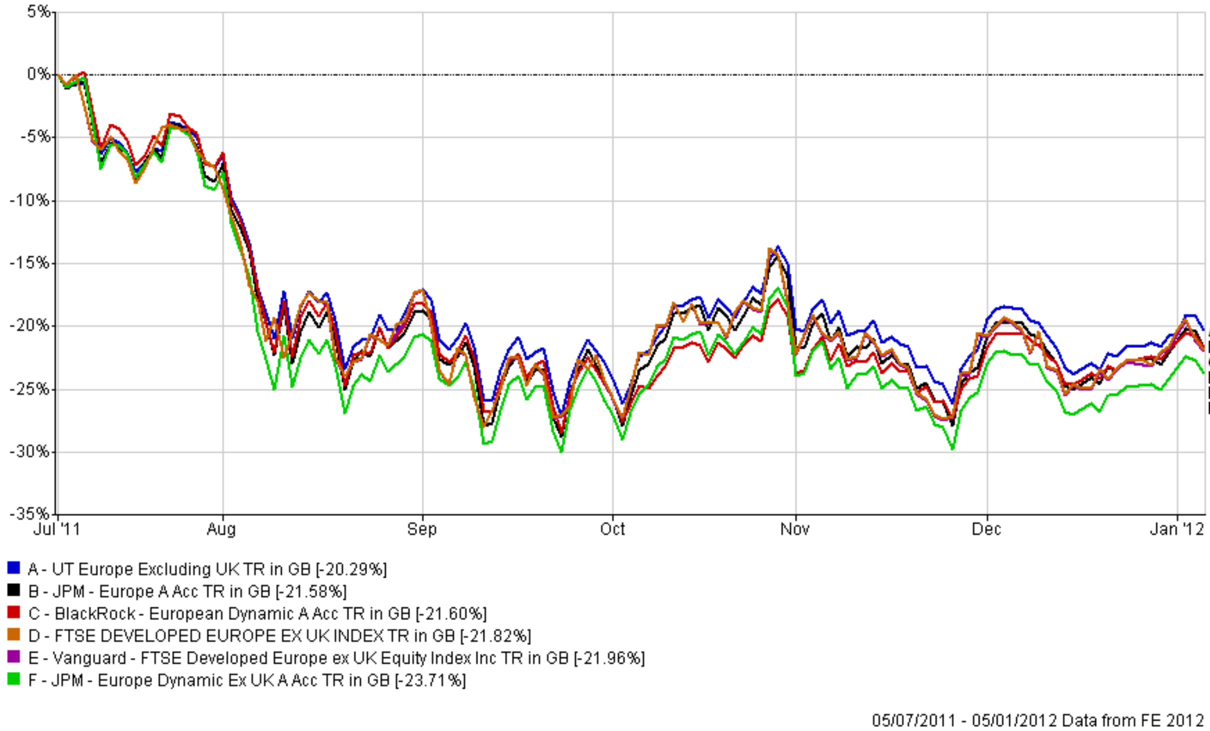
Comparing the Global Dynamic and Established portfolios, most of the positive performance has come from the Japan and North American sectors. Europe’s performance has obviously lagged behind the other two regions over 6 months, detracting from the portfolios overall performance.



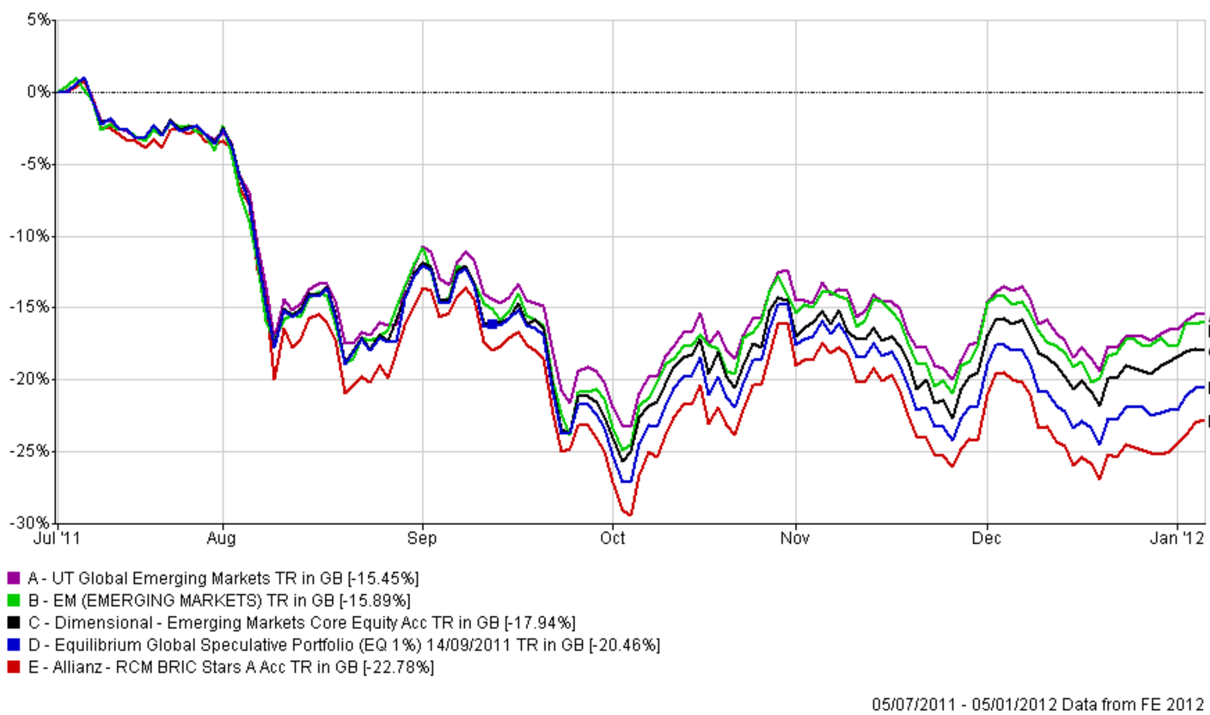
- A - UT North America TR in GB [-3.14%]
- B - UT Japan TR in GB [-6.09%]
- C - Equilibrium Global Established Portfolio (EQ 1%) 11/08/2010 TR in GB [-10.53%]
- D - Equilibrium Global Dynamic Portfolio (EQ 1%) 01/04/2011 TR in GB [-16.40%]
- E - UT Europe Excluding UK TR in GB [-20.29%]

05/07/2011 - 05/01/2012 Data from FE 2012

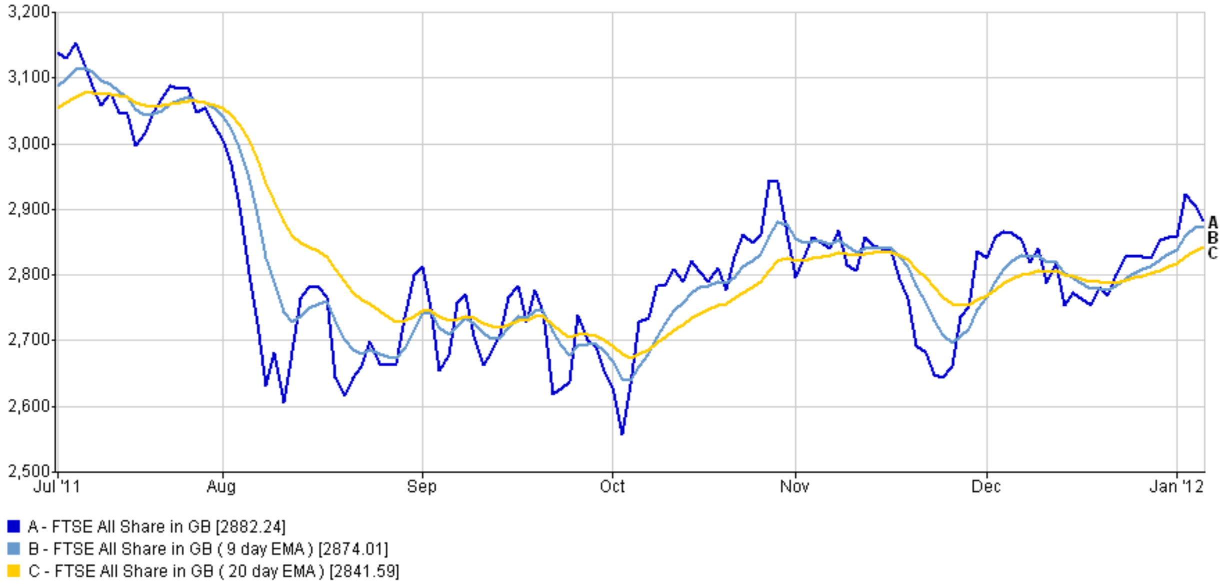
In Europe, both of our dynamic funds have underperformed the sector average and slightly outperformed their relative benchmark. The Global Established JPM Europe fund has done slightly better, outperforming the benchmark but not the sector.



Both of the Global Speculative funds have underperformed the benchmark and sector average over 6 months. We switched into the Allianz BRIC fund on the 9th of September; it has lost -10% since then.



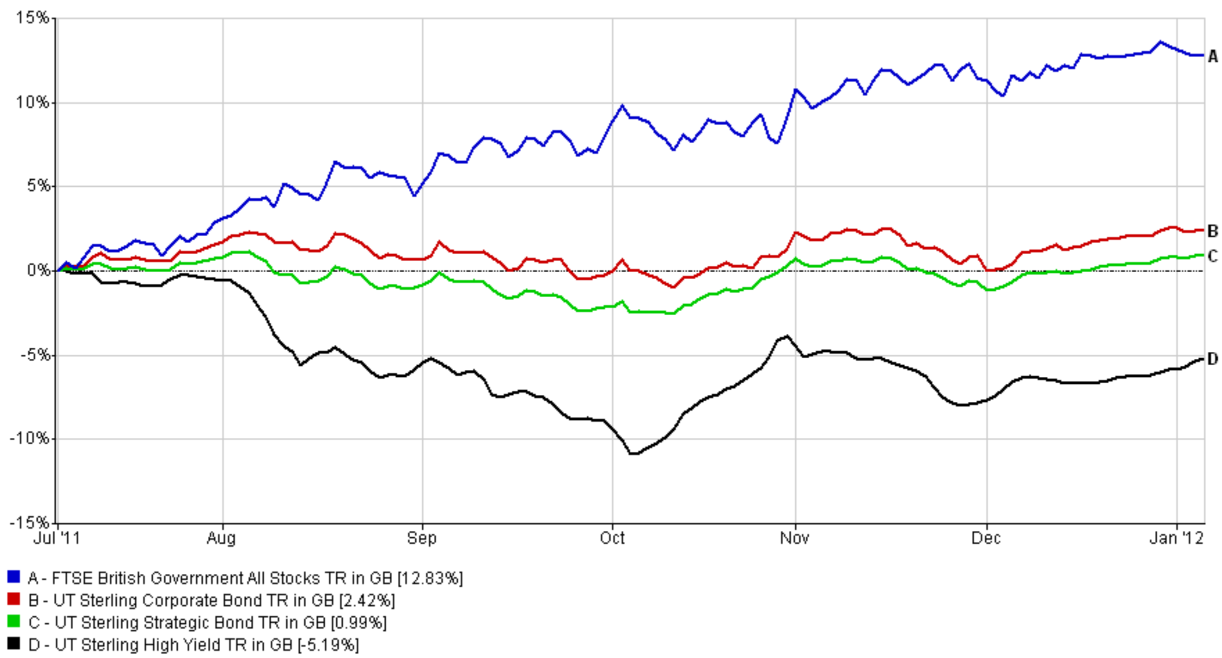
The FTSE All Share moving average chart is showing a positive trend. Current P/E ratio stands at around 10x which indicates market levels are still below fair price (14x historic average) based on the last couple of months turbulent of market movements.



05/07/2011 - 05/01/2012 Data from FE 2012

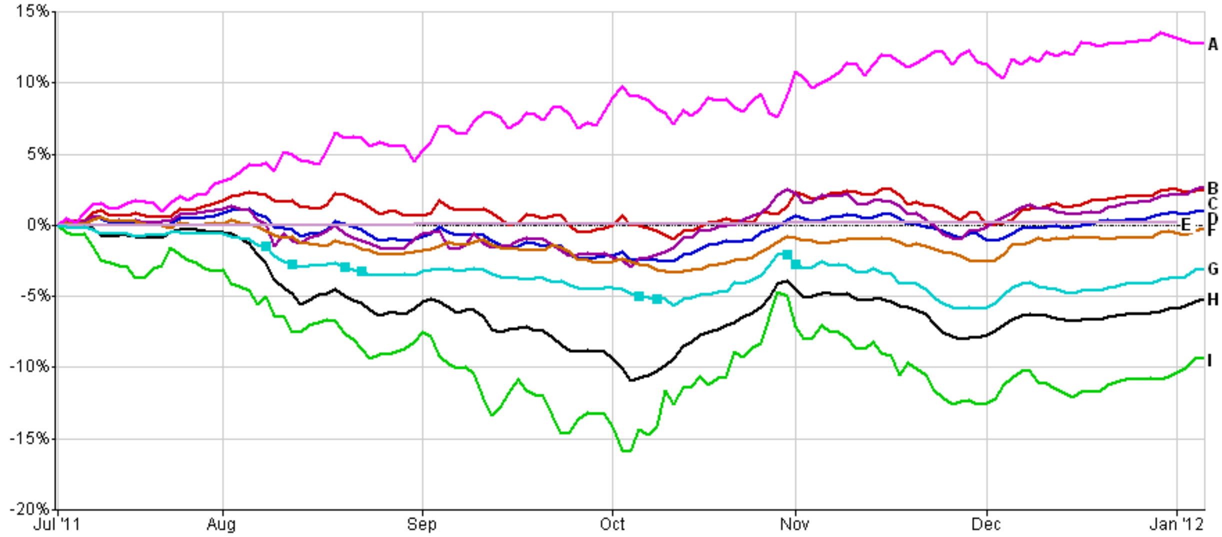
Fixed Interest

Investment grade corporate bonds has now delivered positive returns over six months with the asset class returning 2.4% after a bonce back in December. Core government debt continued to be the top performer. There has been a continuing aversion to risk over six months, driven by continuing poor economic data and the Eurozone crisis, which has driven spreads over government debt wider. High yield debt has been worst fixed interest performer over six months, losing -5.2%.



05/07/2011 - 05/01/2012 Data from FE 2012

None of our fixed interest funds have delivered positive returns over six months, with the Jupiter Strategic Bond losing the least over this time. Note that the M&G Optimal Income fund has performed the best out of the three funds fixed interest funds over this period, but we have only moved back into it in late October where it has returned 0.15% since then.

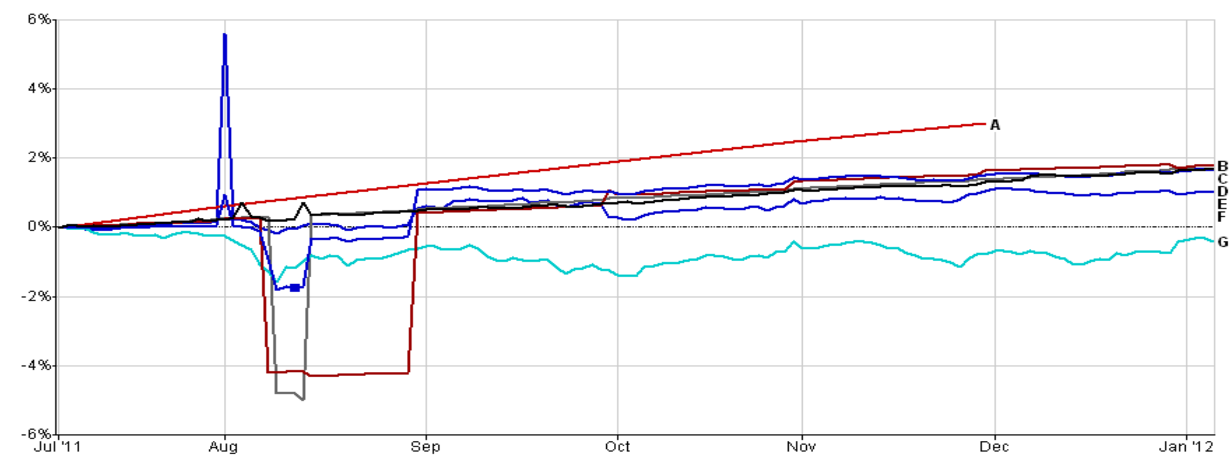


A - FTSE British Government All Stocks TR in GB [12.83%]
B - M&G - Optimal Income A Acc GBP TR in GB [2.67%]
C - UT Sterling Corporate Bond TR in GB [2.42%]
D - UT Sterling Strategic Bond TR in GB [0.99%]
E - ING Direct Savings TR in GB [0.20%]
F - Jupiter - Strategic Bond Acc TR in GB [-0.20%]
G - Equilibrium Fixed Interest (EQ 1%) 02/11/2011 TR in GB [-3.08%]
H - UT Sterling High Yield TR in GB [-5.19%]
I - Invesco Perp - Tactical Bond Acc TR in GB [-9.41%]

05/07/2011 - 05/01/2012 Data from FE 2012

Property

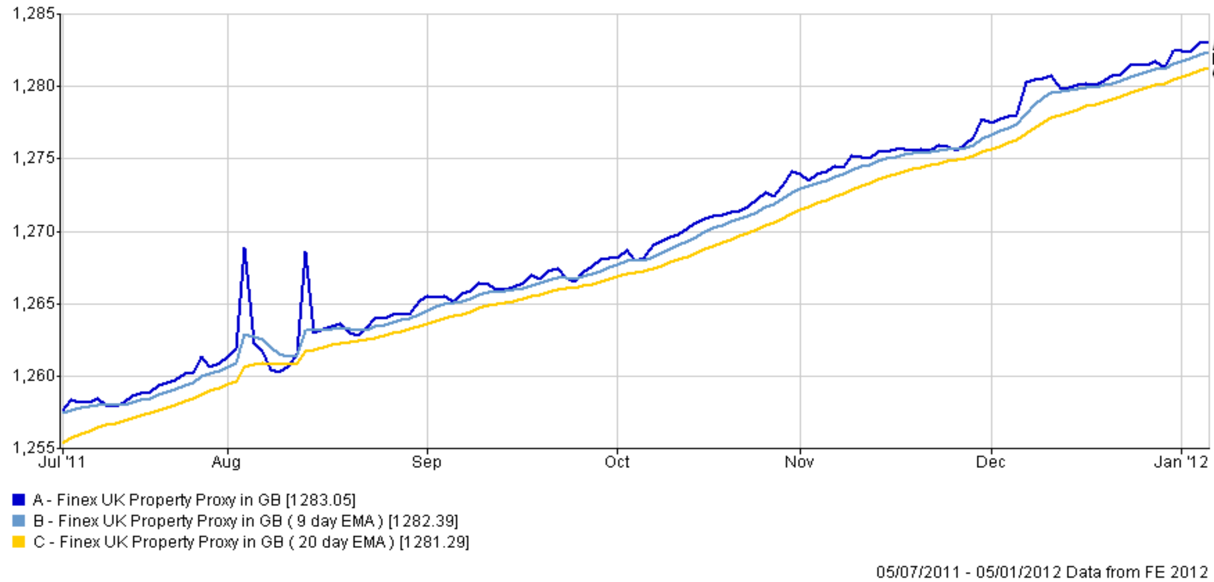
It was a positive month of performance for the property funds. There were no re-prices which shows that trading activity in this fund sector was minimal. All of the funds, except the SWIP fund, continue to be in positive territory over 6 months, although if we look at Aviva over the slightly longer term it is down because of re-pricing. Both the Ignis and M&G funds are beating the Property Benchmark. SWIP has fallen back more due to property share exposure.



A - IPD UK all property TR in GB [3.02%]
B - Ignis - UK Property Acc TR in GB [1.78%]
C - M&G - Property Portfolio X Inc GBP TR in GB [1.69%]
D - Property Benchmark TR in GB [1.68%]
E - Equilibrium Property Portfolio (EQ 1%) 12/08/2011 TR in GB [1.66%]
F - Aviva Inv - Property Trust Inc TR in GB [1.02%]
G - SWIP - Property Trust Inc TR in GB [-0.41%]

05/07/2011 - 05/01/2012 Data from FE 2012

The Finex UK Property Proxy returns are continuing to move along as shown in the 6 month technical trend chart, remaining in a positive trend.

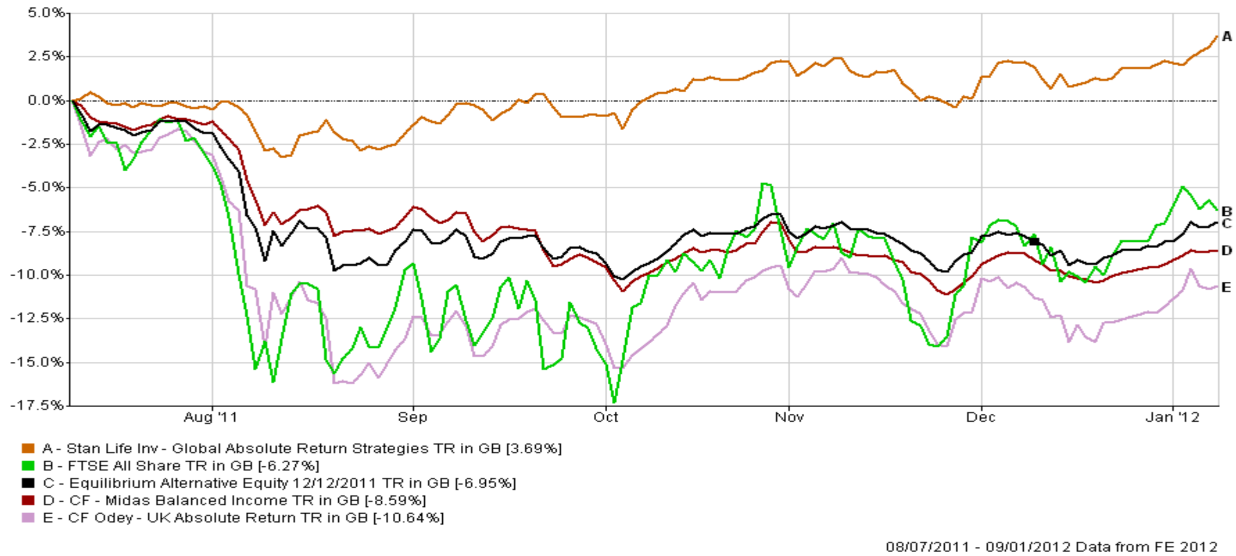


Inflows into the property funds were mixed in the month of November, both SWIP and Aviva fund size changes were negative, as shown in the table below:

Fund	Fund Size (£)	Last Month Perf. (%)	Adjusted Fund Size Last Month (£)	Fund Size Change (£)	Fund Size Change (%)
Aviva Property	£1,857,200,000	0.52%	£1,898,018,640	-£40,818,640	-2.15%
M&G Property	£1,927,000,000	0.28%	£1,900,306,000	£26,694,000	1.40%
Ignis UK Property	£866,000,000	0.23%	£856,966,500	£9,033,500	1.05%
SWIP	£2,282,300,000	0.86%	£2,344,692,420	-£62,392,420	-2.66%

Alternative Equity

Both the CF Midas Balanced Income and CF Odey Absolute Return alternative funds delivered negative returns in the month of December. The riskier CF Odey Absolute Return lost -1.47 over the month after delivering around 6% since October. CF Midas Balanced income lost around 0.15% over the month. We switched out of Henderson Absolute Return (hard close) on the 12th of December, going back into the Standard Life GARS fund. The GARS fund delivered around 1% since the switch.



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