



Performance Summary to 31 May 2011

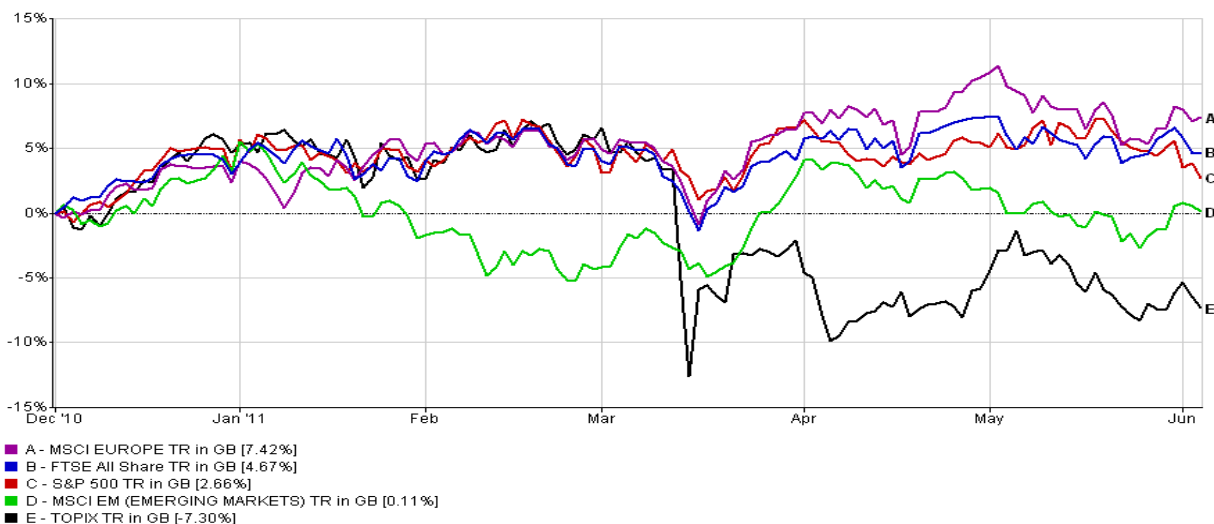
Fundamental Indicators

Index	Value	Last Month's Value
UK 10 Year Gilt Yield	3.31%	3.47%
FTSE Allshare P/E Ratio	14x	14.5x
FTSE Allshare Yield	2.8%	2.9%
Spread v Gilt	0.51%	0.57%
IBOXX Sterling Corp Bond Yield	5.48%	5.49%
Spread v Gilt	2.17%	2.02%
Breakeven inflation 2016 IL Gilt	2.89%	2.89%
Breakeven inflation 2024 IL Gilt	3.17%	3.21%
IPD UK All Property Yield	6.06%	6.4%
Spread v Gilt	2.75%	2.93%

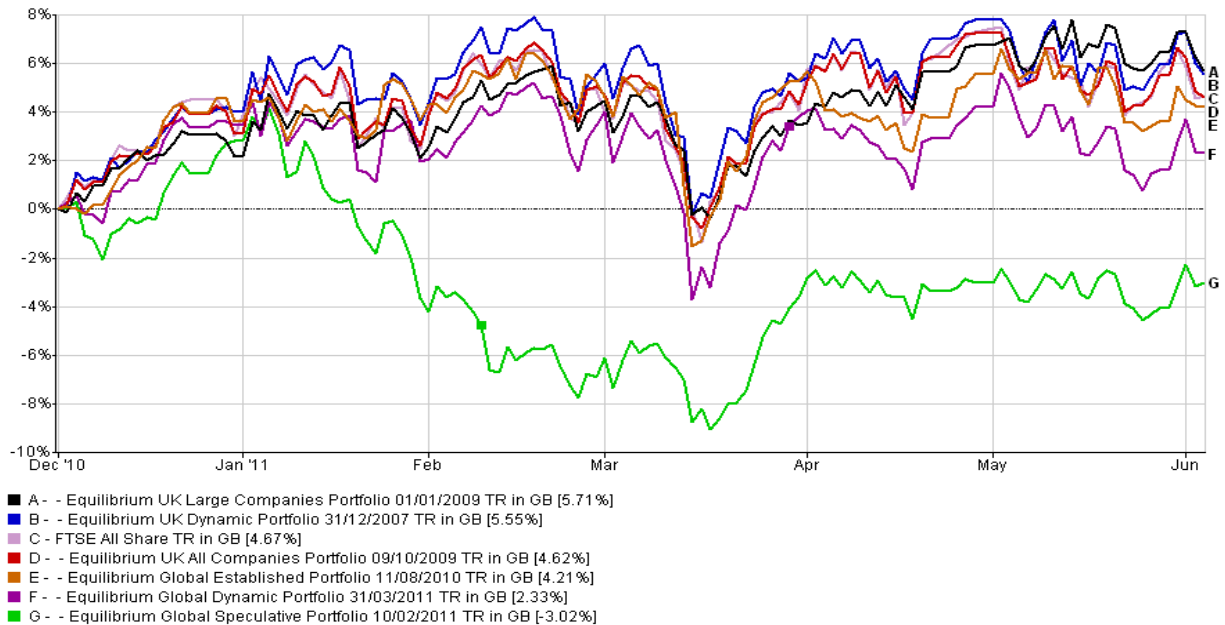
Equity

In May, we continued to see a change of winners in global equities, as markets turned down and investors focused more on risk averse assets, such as developed markets. Mining stocks, in particular, gave up some of their gains on the back of falling metal prices, making way for strong performances in the healthcare and consumer staples sectors. The mood was more somber as concerns centered on further monetary policy tightening in the Far East and the possibility of a Greek default.

The UK equity market ended the month with a run of five consecutive days of rises, but this was not representative of the mood over the period. The FTSE 100 index still finished the month under the 6000 level it enjoyed for most of April, as it focused on events in the eurozone, and Greece in particular, as well as on slowing growth in China. Economic news on the domestic front had less impact despite a report from the British Chamber of Commerce warning that economic growth was likely to be less good than previously expected, cutting back its forecast to 1.3% for this year and 2.2% for 2012 as a result of the squeeze on disposable incomes.

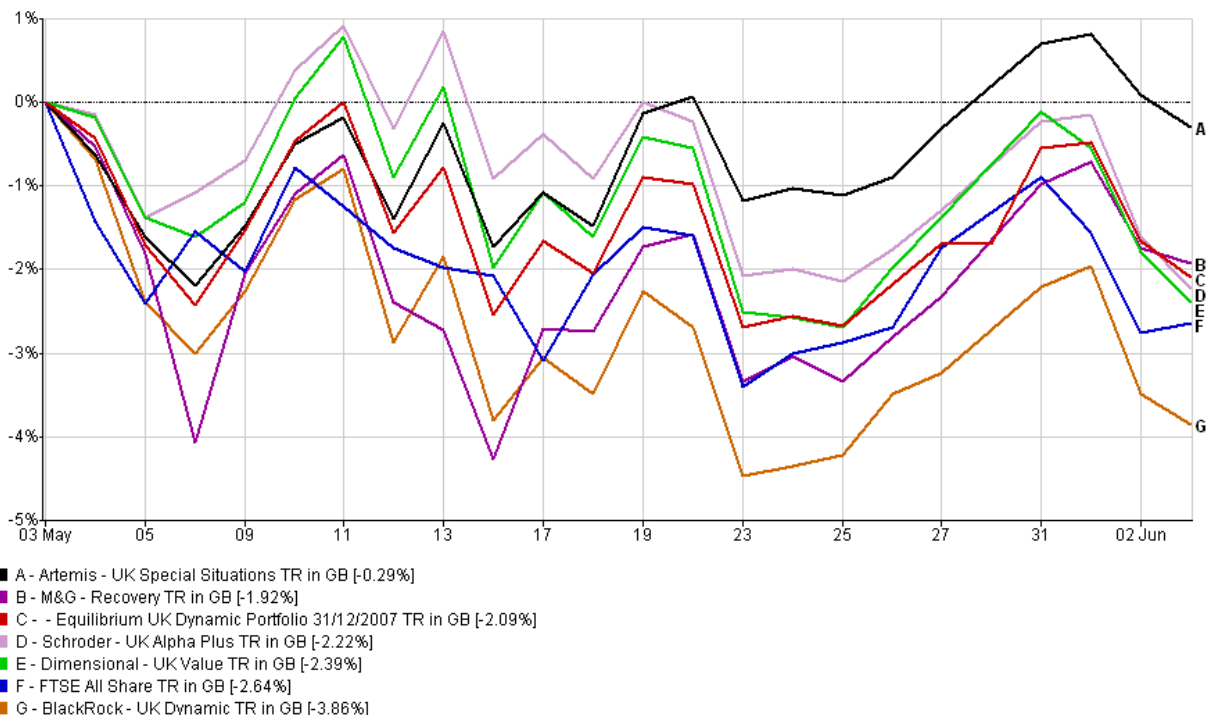


Our Global Speculative portfolio is the only portfolio that has delivered negative returns over six months. Emerging markets took a hit over this time mainly due to fears over China growing too fast and inflation worries. The MSCI Emerging Markets (US\$) index fell by 3% during May, a slightly larger decline than that recorded in developed markets. Souring investor sentiment was a backdrop of higher interest rates as several central banks in emerging countries continued to tighten monetary policy to tackle mounting inflation pressures.



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Blackrock UK Dynamic has continued to once again underperform the rest of the UK Dynamic funds over the month. The fund has underperformed the FTSE All Share by close to 1.5% over six months, the other funds outperforming. This gives us further support in dropping the fund sooner rather than later.



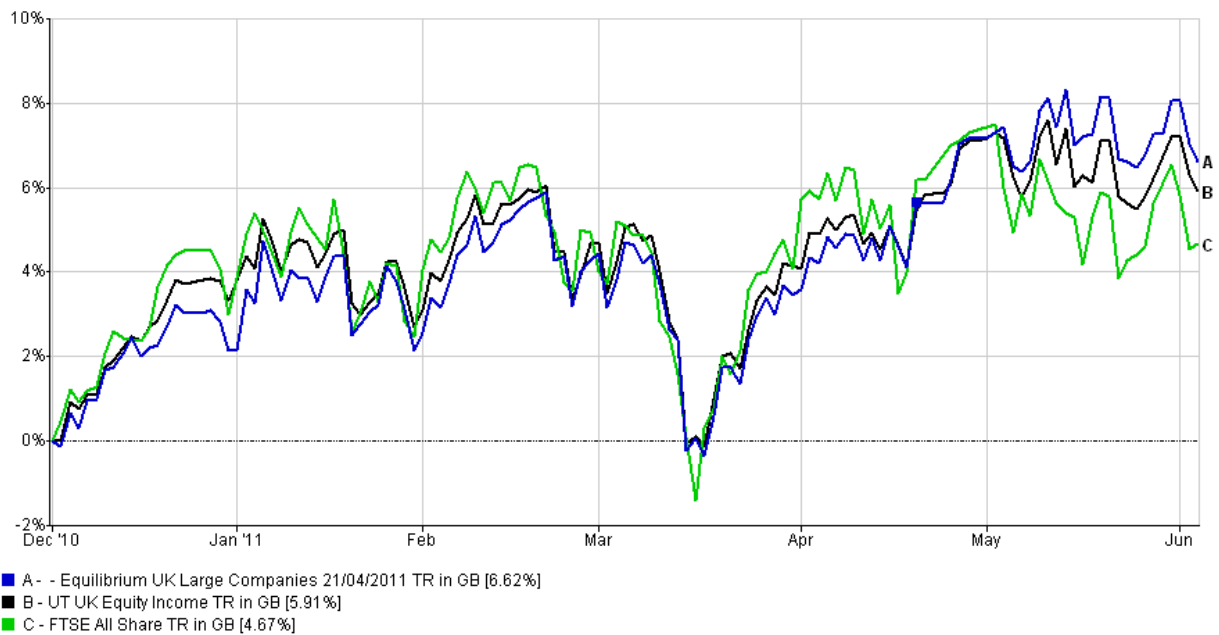
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Neptune US Opportunities has delivered very poor results year to date shedding close to 5% of its returns. This was due to a number of stock specific issues; the funds bottom five contributors had company-related issues, which accounted for the majority of its overall underperformance. This purely comes down to poor stock selection.



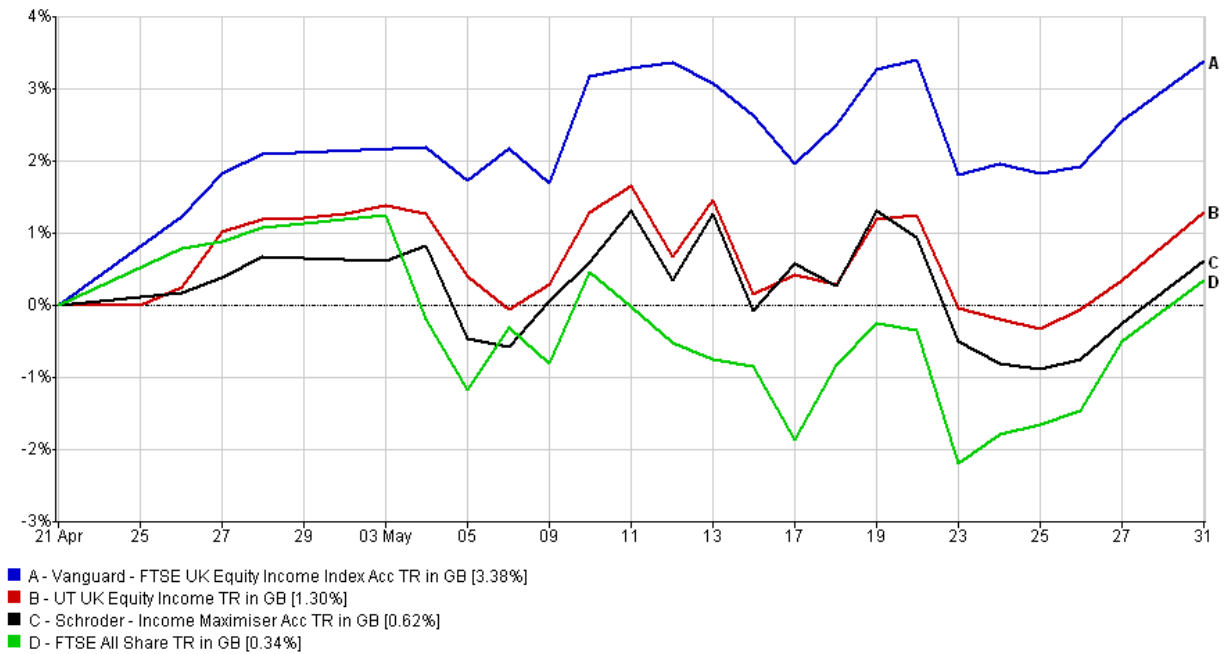
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Our UK Large portfolio has continued to outperform the sector average and FTSE All-Share over the past 6 months.



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Within the UK Large portfolio, the Vanguard Equity Income Index fund has outperformed the Schroder Income Maximiser fund since the switch back in April.



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The FTSE All Share moving average chart is indicating a potential sell sign as the line graphs begins to dip downwards. Current p/e ratio stands at about 14x which indicates market levels are fairly priced on current earnings:



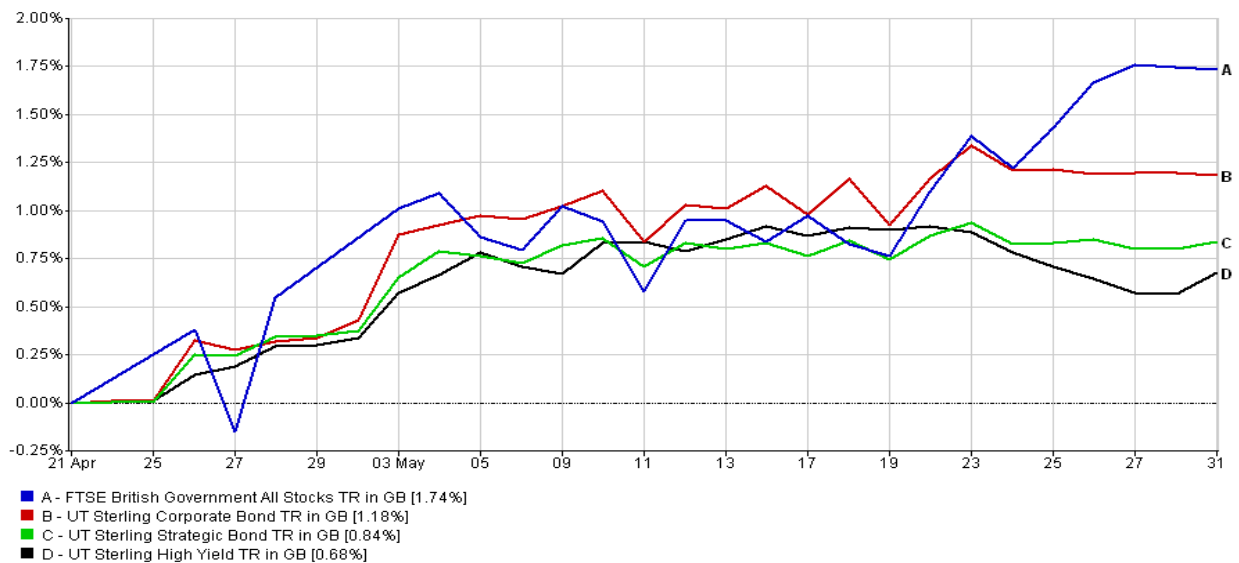
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Fixed Interest

Core government bonds were the strongest performing area of the fixed interest markets in May. Lower commodity prices and softer economic data supported prices. So too did continuing concerns about the sovereign debt of some weaker eurozone countries. The yield on the UK 10-year bond fell 14bps to 3.29%. Returns for German and US 10-year bonds were stronger still, with US Treasuries falling 23bps to 3.06% and German Bunds 22bps lower to 3.02%.

Yields on troubled peripheral eurozone countries rose as investors became increasingly concerned about the possibility of a debt restructuring or default. By the end of the May, the yield on Irish 10-year bonds was up 46bps to 11.04% and that of Greek 10-year bonds up 38bps to 16.04%.

Credit markets achieved positive total returns for the month but underperformed core government debt. Issuance remained high in both investment grade and high yield markets. Some general aversion to risk, driven by poor economic data and the sovereign debt crisis, drove spreads over governments wider. Worries in the market about the implementation of new banking regulations also added to volatility.

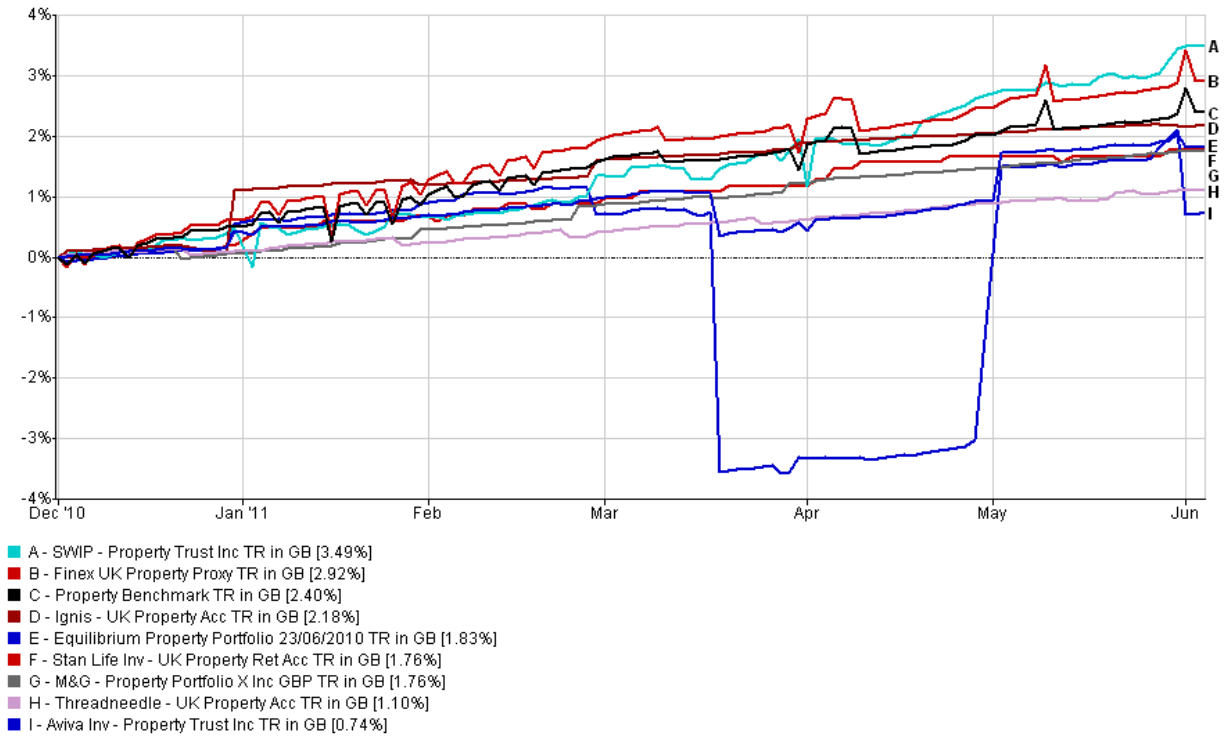


The fixed interest asset has continued to see a rally since the beginning of the year with both our portfolios moving upwards, but not as strongly as the sectors due to our defensive positioning.



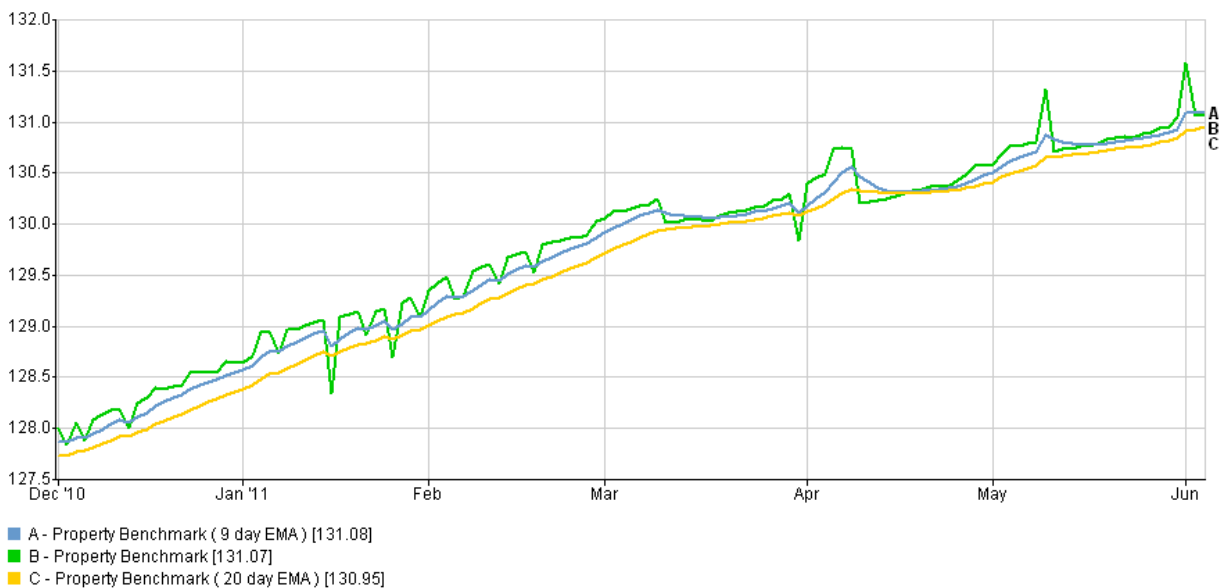
Property

Our property portfolio continued to posted small gains over the month, with the majority underperforming the Property Benchmark (80% Finex, 20% cash). Aviva has once again has had a re-price towards the end of May. Note that this re-price wasn't due to our redemptions. This dip had occurred on the 31st of May and we did our switches on the 10th of May.



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Property returns are continuing to move along as shown in the 6 month technical trend chart, remaining in a positive trend, but slowing:



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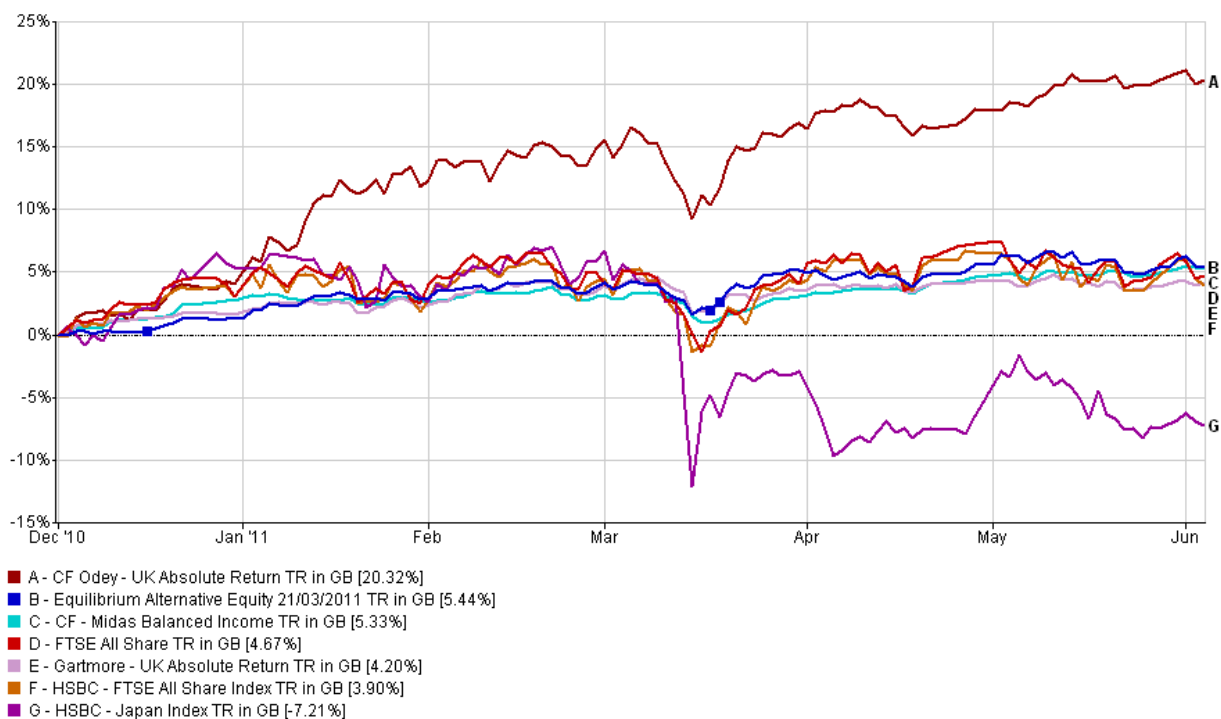
Inflows into the property funds were generally strong over the month as shown in the table below apart from the Aviva fund and a small reduction in the size of the Standard Life fund:

Fund	Fund Size (£)	Last Month Perf. (%)	Adjusted Fund Size Last Month (£)	Fund Size Change (£)	Fund Size Change (%)
Aviva Property	£1,896,700,000.00	5.27%	£1,958,022,000.00	£61,322,000.00	-3.13%
Standard Life Property	£276,100,000.00	0.10%	£276,376,100.00	£-276,100.00	-0.10%
M&G Property	£1,817,500,000.00	0.29%	£1,804,016,520.00	£13,483,480.00	0.75%
Threadneedle Property	£356,300,000.00	0.21%	£351,035,630.00	£5,264,370.00	1.50%
Ignis UK Property	£804,800,000.00	0.13%	£793,029,600.00	£11,770,400.00	1.48%
SWIP	£2,294,400,000.00	0.79%	£2,204,119,596.28	£90,280,403.72	4.10%

Alternative

The Alternative equity portfolio performed well over the six months, with only the Gartmore fund slightly underperforming the FTSE All Share. CF Odey continued to do well in the month of May delivering 2.4%.

Both the HSBC trackers haven't reached market levels in order to reverse the switch. The HSBC FTSE All Share lost -0.55% over the month with the HSBC Japan Tracker losing -0.37%.



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