equilibrium

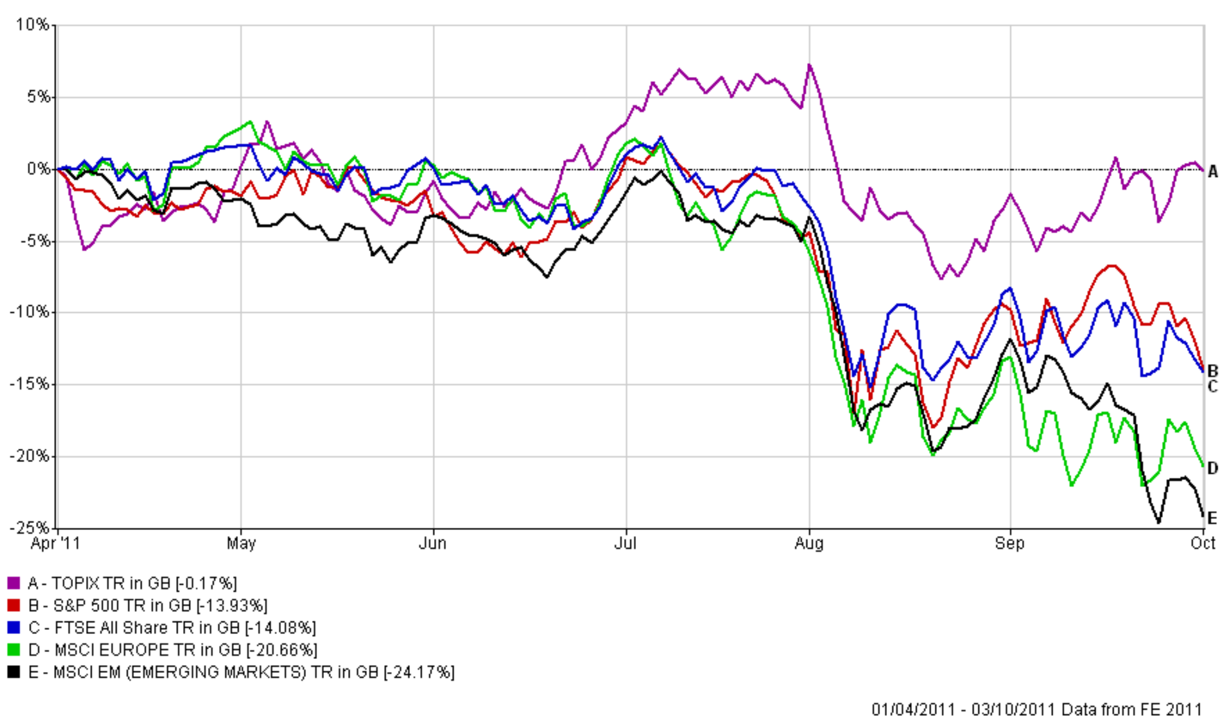
Performance Summary to 30 September 2011

Fundamental Indicators

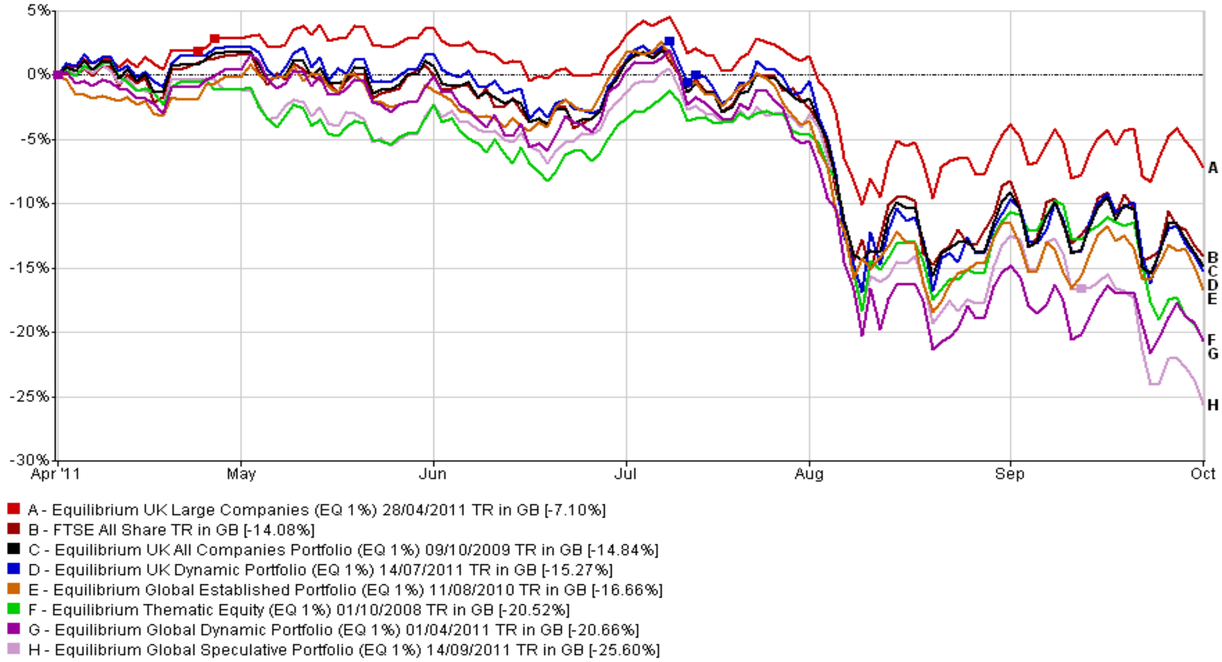
Index	Value	Last Month's Value
UK 10 Year Gilt Yield	2.22%	2.44%
FTSE Allshare P/E Ratio	10.3x	11.1x
FTSE Allshare Yield	3.5%	3.3%
Spread v Gilt	1.28%	0.86%
IBOXX Sterling Corp Bond Yield	5.86%	5.82%
Spread v Gilt	3.64%	3.38%
Breakeven inflation 2016 IL Gilt	2.68%	2.77%
Breakeven inflation 2024 IL Gilt	2.85%	3.00%
IPD UK All Property Yield	6.0%	6.1%
Spread v Gilt	3.78%	3.66%

Equity

The month of September was a mixed month for global markets after experiencing continued bouts of volatility. Markets persisted in their decline towards the beginning of the month, but had a few brief periods of positive movements, even flirting with 5,400 at one point due to the Eurozone leaders seeming to come to some sort of agreement over the sovereign debt crisis. Only the Japanese markets seemed immune over the month, with it ending in positive territory. As expected, global emerging markets suffered the worst over the month.

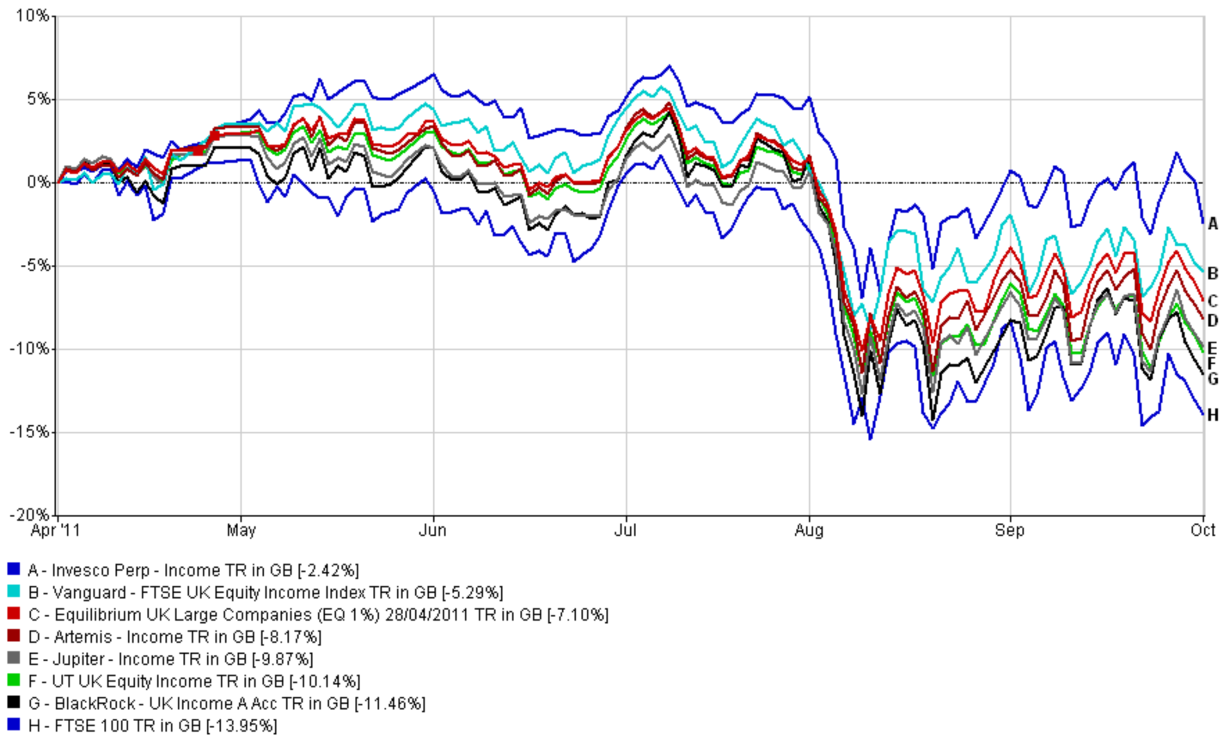


All of our equity portfolios are negative over six months. Our UK Large portfolio is the ‘less bad’ of the portfolios, delivering -7.10%. This is due to the UK Large funds being heavily defensive during these uncertain economic times.



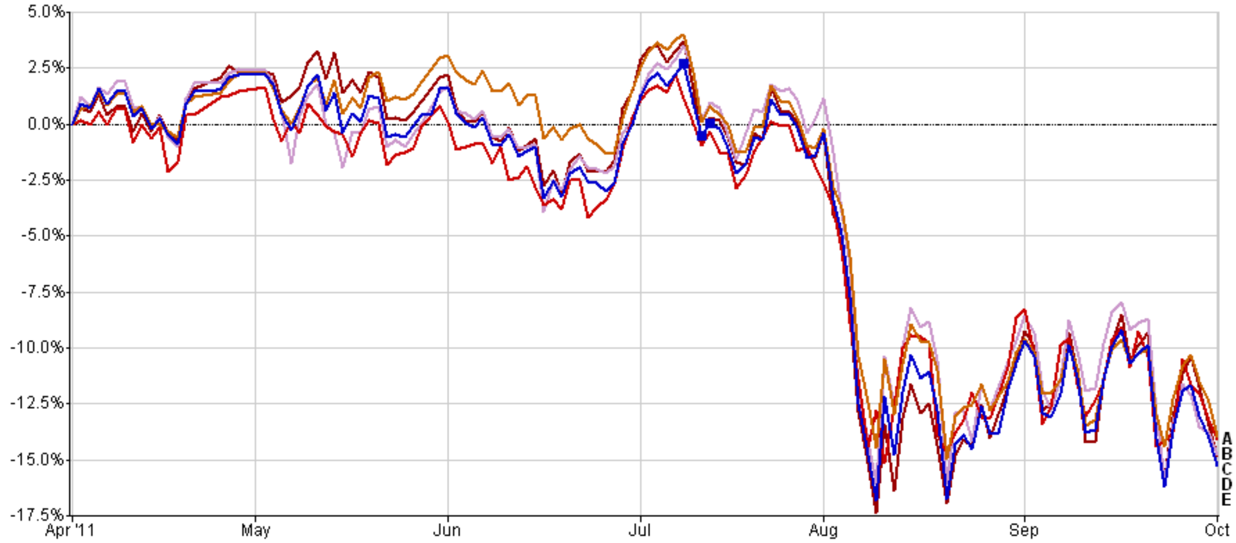
01/04/2011 - 03/10/2011 Data from FE 2011

Our UK Large portfolio has continued to outperform the sector average and FTSE All-Share over the past six months, as expected. Invesco Perpetual Income fund is still the top performing UK equity fund throughout all our portfolios. The Blackrock fund is the only Income fund to underperform the sector average in this period due to its slightly more growth orientation.



01/04/2011 - 03/10/2011 Data from FE 2011

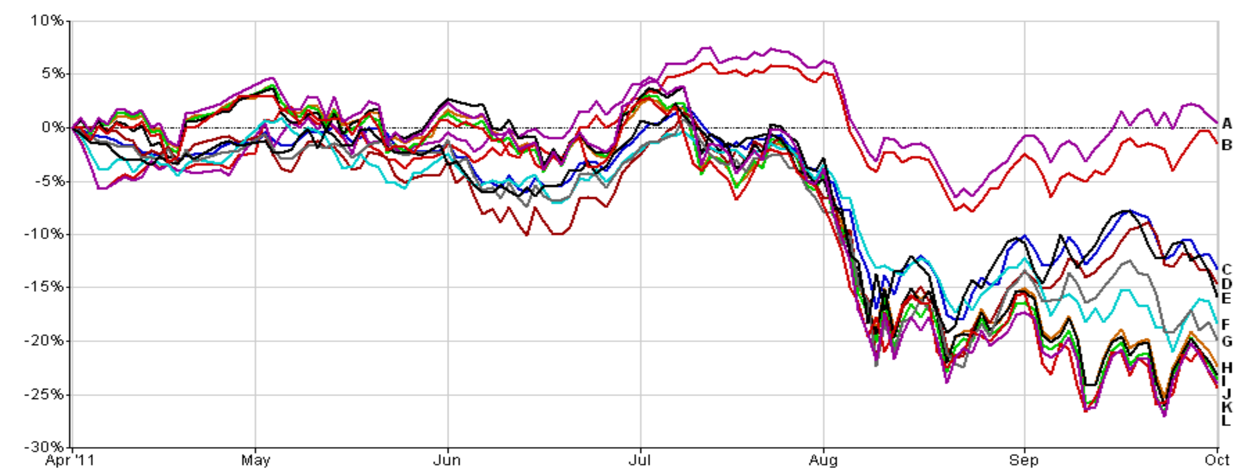
Artemis Special Situations is now the top performing UK Dynamic fund over six months after having a good September. It has marginally outperformed the FTSE All Share, with M&G Recovery just slightly behind.



A - Artemis - UK Special Situations TR in GB [-13.99%]
B - FTSE All Share TR in GB [-14.08%]
C - M&G - Recovery TR in GB [-14.76%]
D - Schroder - UK Alpha Plus TR in GB [-14.81%]
E - Equilibrium UK Dynamic Portfolio (EQ 1%) 14/07/2011 TR in GB [-15.27%]

01/04/2011 - 03/10/2011 Data from FE 2011

As expected, all of our funds within the global established/dynamic portfolios have underperformed significantly during these recent falls apart from Schroder Tokyo. The Neptune US Opportunities is the least worst of the others. Every European fund that we hold has underperformed the sector average during the crisis.



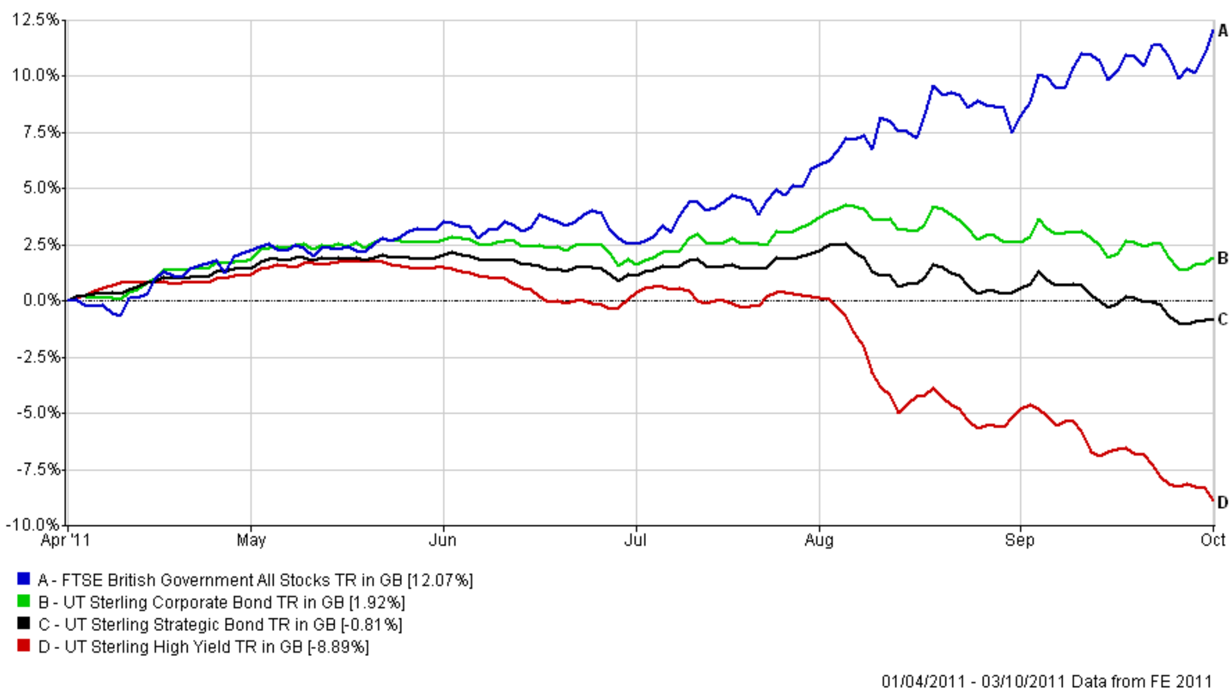
A - Schroder - Tokyo A Acc TR in GB [0.41%]
B - UT Japan TR in GB [-1.49%]
C - UT North America TR in GB [-13.30%]
D - Neptune - US Opportunities A Acc GBP TR in GB [-14.63%]
E - Vanguard - US Equity Index Acc TR in GB [-15.83%]
F - Neptune - Japan Opportunities A Acc GBP TR in GB [-18.34%]
G - Newton - American GBP TR in GB [-19.84%]
H - UT Europe Excluding UK TR in GB [-22.34%]
I - BlackRock - European Dynamic A Acc TR in GB [-23.12%]
J - JPM - Europe A Acc TR in GB [-23.57%]
K - JPM - Europe Dynamic Ex UK A Acc TR in GB [-23.97%]
L - Vanguard - FTSE Developed Europe ex UK Equity Index Inc TR in GB [-24.33%]

01/04/2011 - 03/10/2011 Data from FE 2011

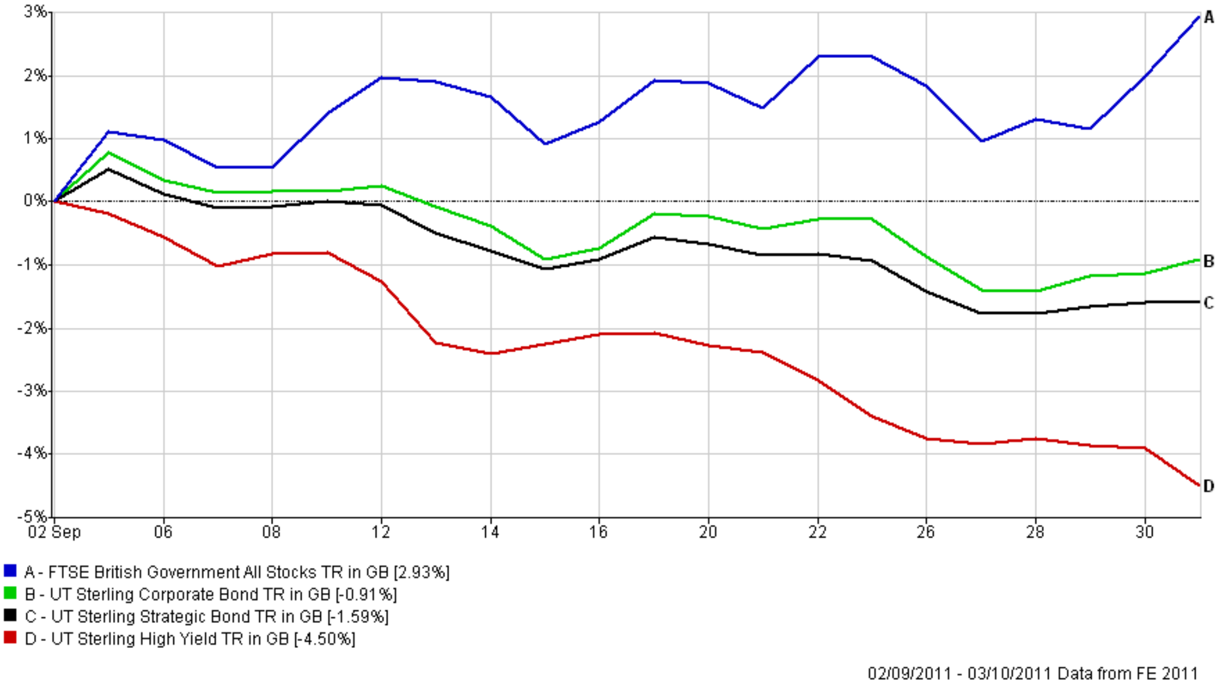
The FTSE All Share moving average chart is now directing downwards showing a negative trend at the moment. Current P/E ratio stands at about 10.3x which indicates market levels are now well below fair price (14x historic average) based on the last couple of months turbulent of market movements.

Fixed Interest

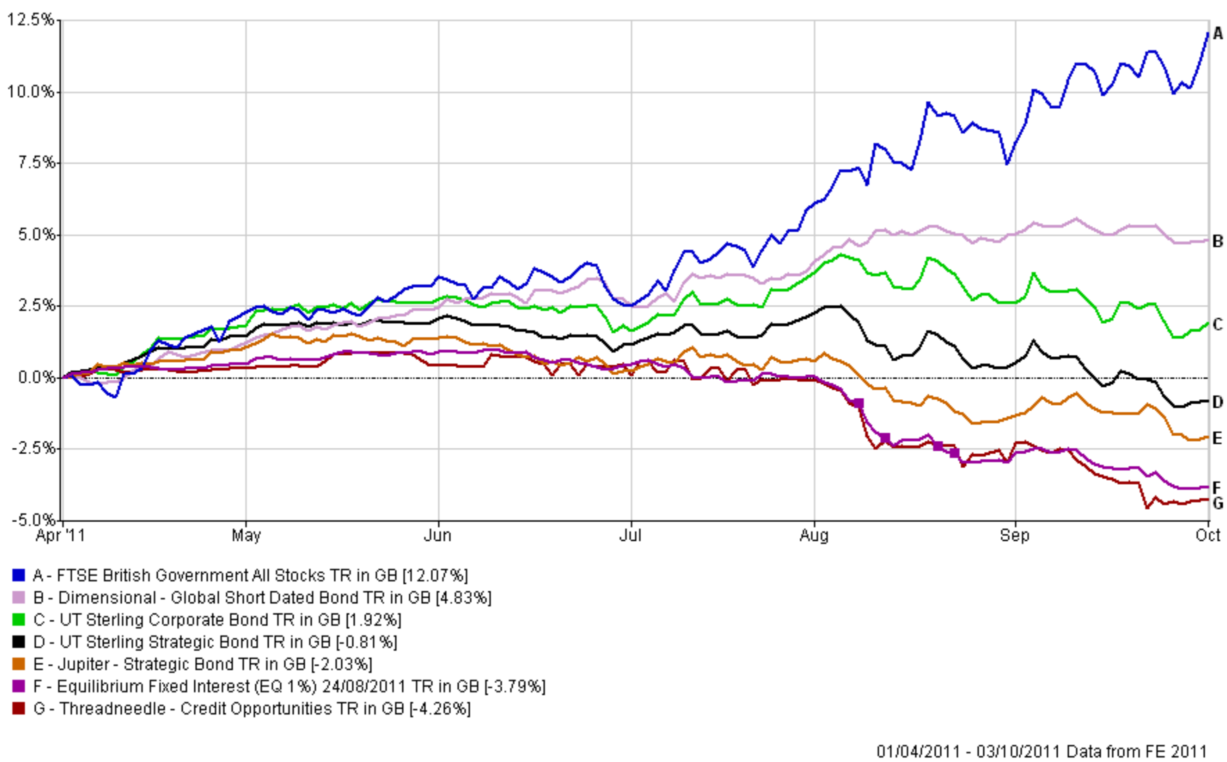
Investment grade bond markets are positive over 6 months, with particularly core government debt continuing to rise the most. There was a clear general aversion to risk, as shown in the high yield losses, driven by poor economic data and primarily the European sovereign debt crisis and the US credit rating downgrade which drove spreads over government debt wider. The story has continued throughout the month of September. 10 year UK govenrment bond yields have dropped to 2.35% from 2.45%. US 10 Year Tresuries are at 1.77%



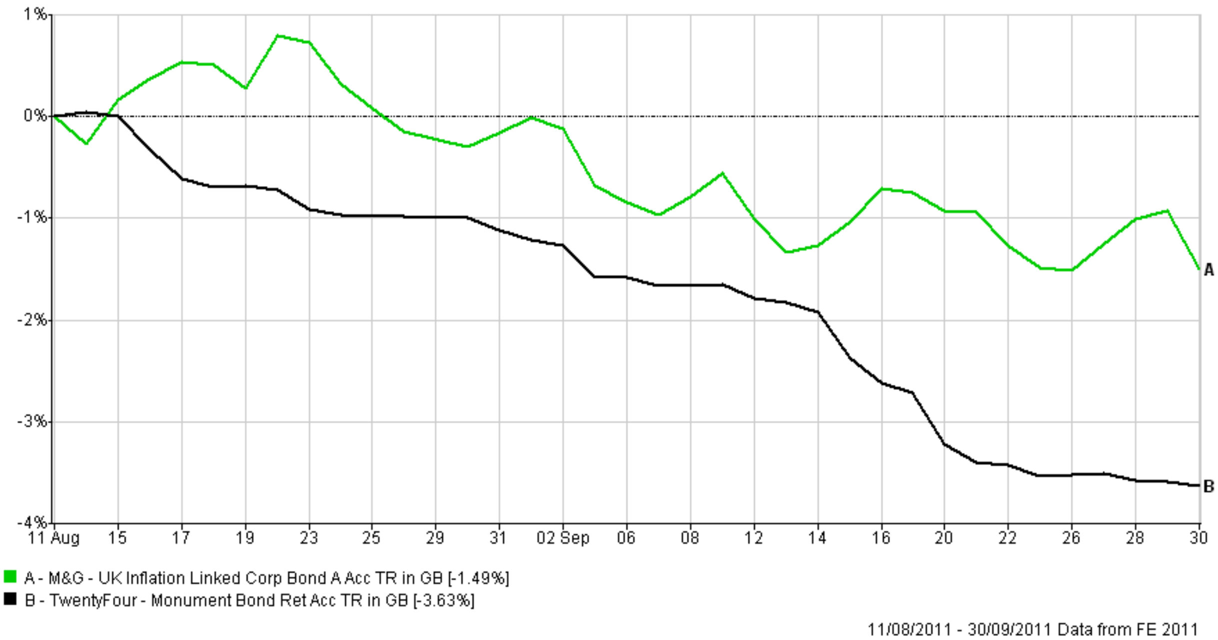
Over the month of September, government bonds delivered close to 3% which outperformed the other fixed interest asset classes significantly. High Yield performance once again dropped, losing -4.5% with investors seeking more ‘flight to quality’ investments such as core government debt.



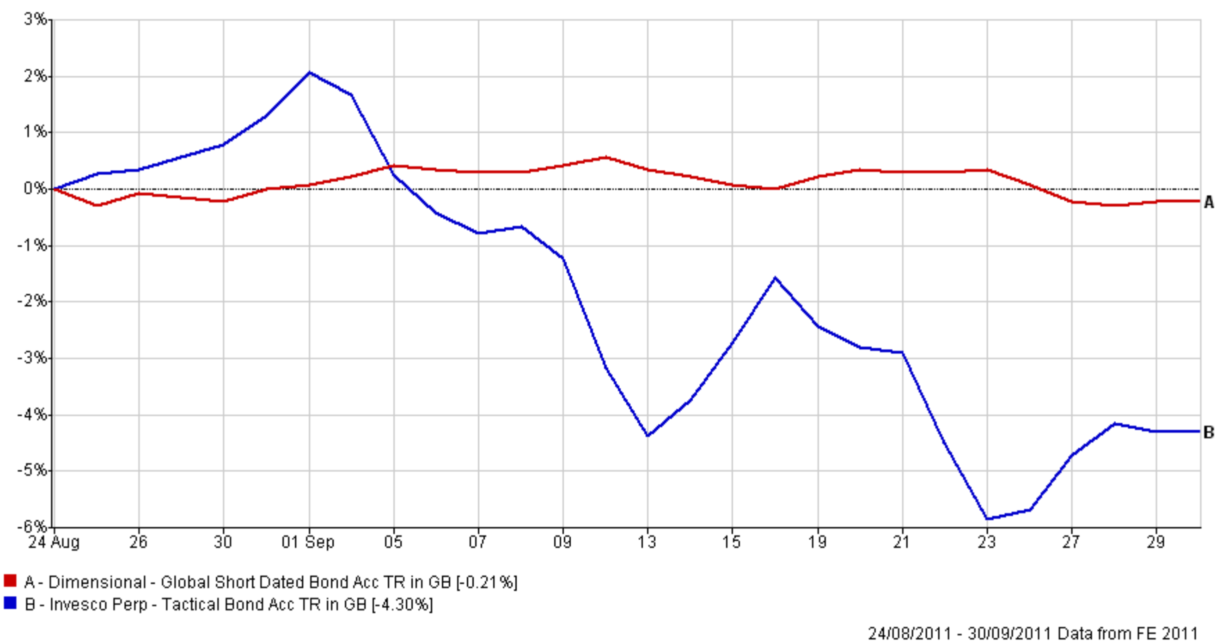
The Threadneedle Credit Opportunities fund continued to fall behind over September, losing over 2%. This was more than the other two fixed interest funds, which lost less than 0.5%. Over 6 months, the portfolio has struggled, but the addition of the Dimensional fund and the Jupiter Strategic Bond fund recently becoming more defensive, has helped the portfolio reduce losses.



Note that both the M&G Inflation Linked Corporate Bond fund and the Twenty Four Asset Management funds have fallen -1.5% and 3.6% respectively since we sold, see graph below.

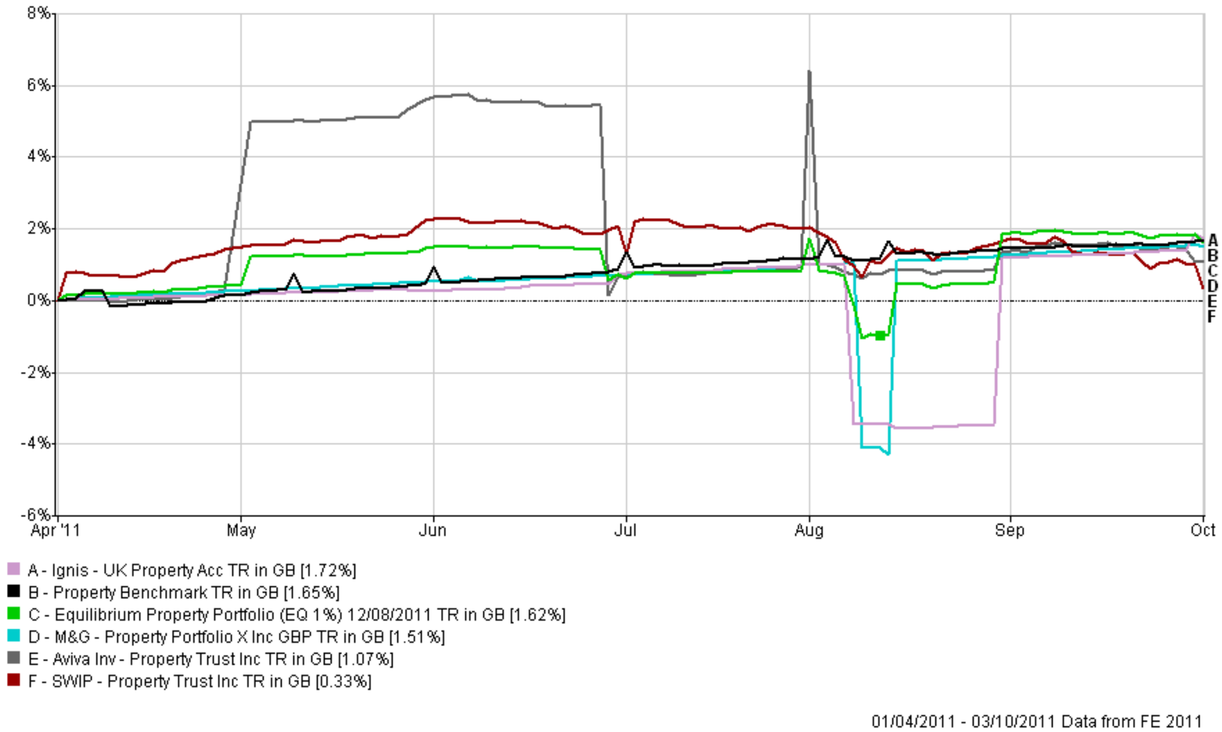


The Dimensional Global Short Dated bond has outperformed the Invesco Tactical bond since the change. The decision to switch in the fund was due to the Invesco's high risk positioning at the time. The Dimensional fund has held up over the month of September as Invesco dropped around 4%.

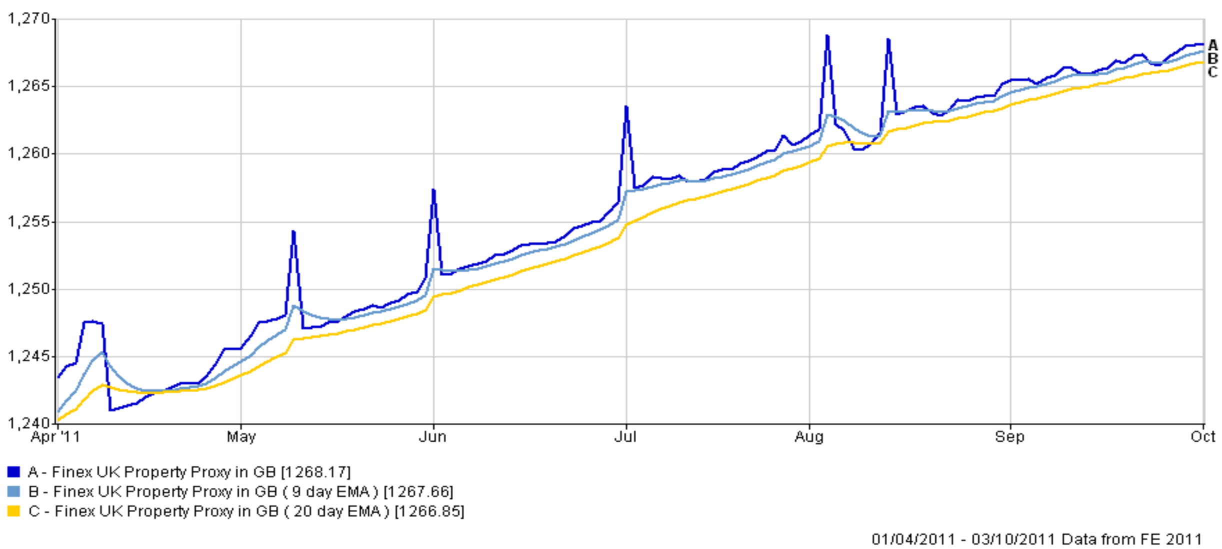


Property

It was a flat month of performance for the property funds over the month. There were no re-prices which shows that trading activity in this fund sector was minimal. All of the funds continue to be in positive performance territory over 6 months, although if we look at Aviva over the slightly longer term it is down because of re-pricing. Only one fund is beating the Property Benchmark, which is the Ignis fund.



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.



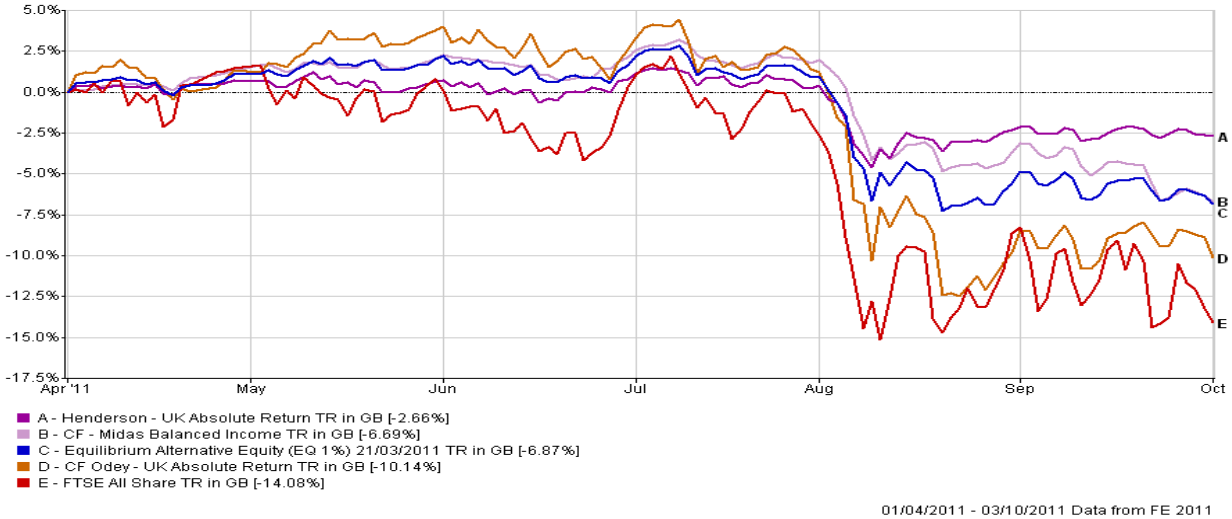
Inflows into the property funds were mixed the month of August as shown in the table below:

Fund	Fund Size (£)	Last Month Perf. (%)	Adjusted Fund Size Last Month (£)	Fund Size Change (£)	Fund Size Change (%)
Aviva Property	£1,888,200,000	-4.77%	£1,828,130,310	£60,069,690	3.29%
M&G Property	£1,895,000,000	0.27%	£1,893,398,410	£1,601,590	0.08%
Ignis UK Property	£855,000,000	0.18%	£846,120,280	£8,879,720	1.05%
SWIP	£2,324,700,000	-0.38%	£2,334,987,933	-£10,287,933	-0.44%

The 3.29% isn't a positive reflection on the fund's inflows for the month but is due to the short term re-price back up.

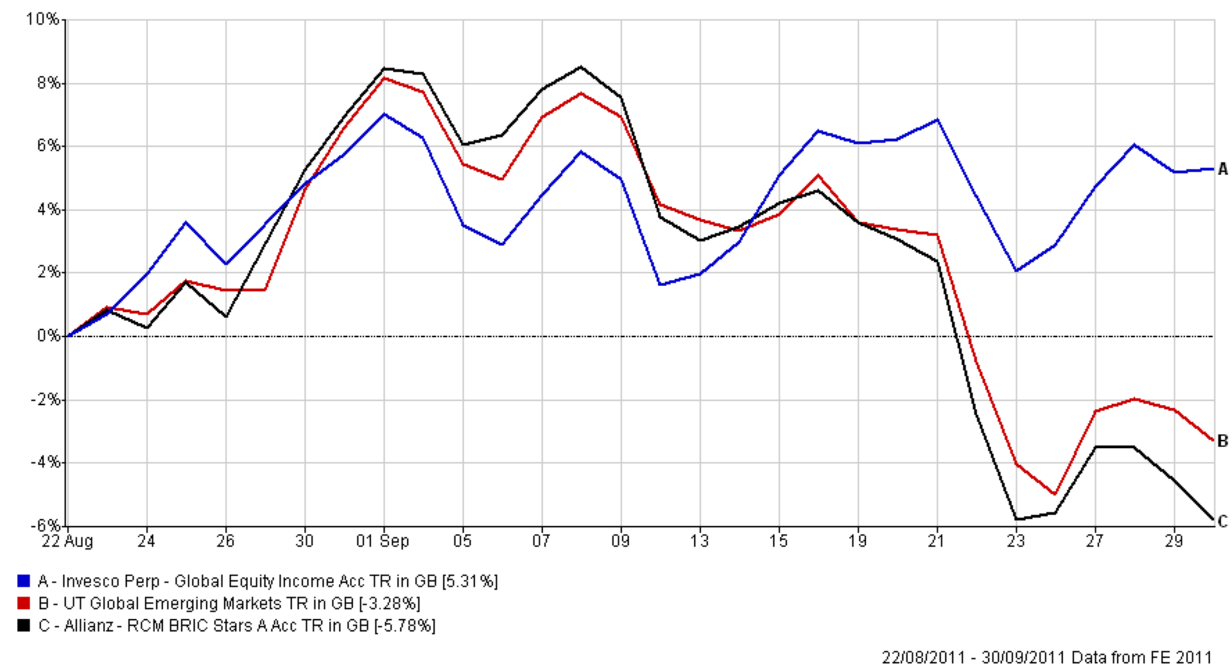
Alternative Equity

All of the alternative funds have fallen over the month of September. The Henderson fund has held up relatively well. The riskier CF Odey Absolute Return was volatile over the month, but not losing as much ground as it did in August. All three beat the FTSE All Share.



Tactical Positions

The Invesco Perpetual Global Equity Income fund has outperformed the Allianz BRIC fund since the switch at the end of August. This is to be expected as September wasn't a great month for higher risk assets.



The HSBC Japan tracker we bought back in March hasn't reached 10% as of yet, but did well in the month of September, picking up 2.3%

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