



## Performance Summary 30 June 2010

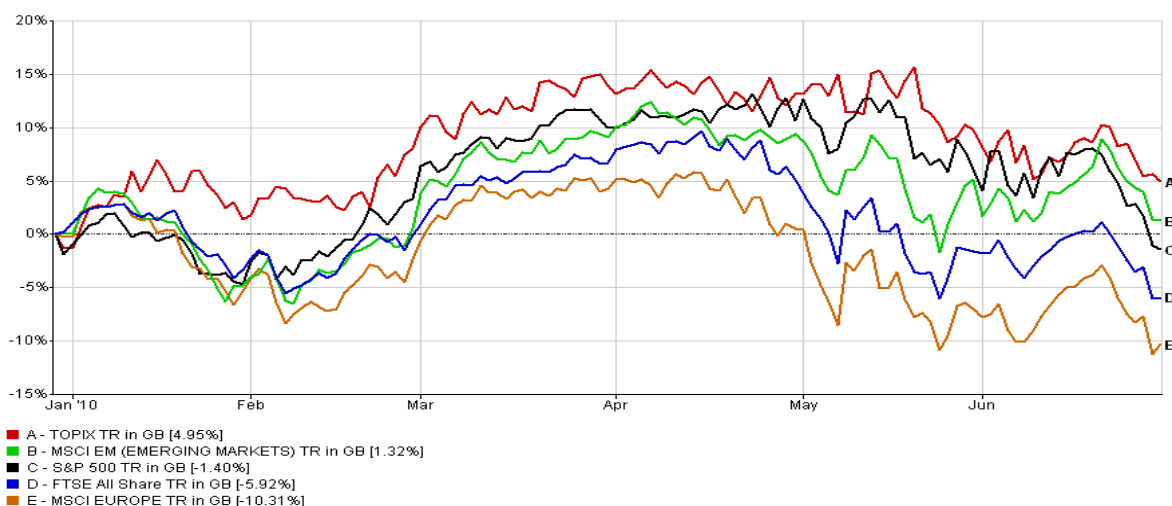
### Fundamental Indicators

Index	Value
UK 10 Year Gilt Yield	3.35% (3.58)
FTSE Allshare P/E Ratio	10.7x (11.3x)
FTSE Allshare Yield	3.3% (3.4)
Spread v Gilt	-0.05%
IBOXX Sterling Corp Bond Yield	5.81% (5.89%)
Spread v Gilt	2.46%
IPD UK All Property Yield	6.6% approx (6.7%)
Spread v Gilt	+3.25%

(figures in brackets are last month's numbers)

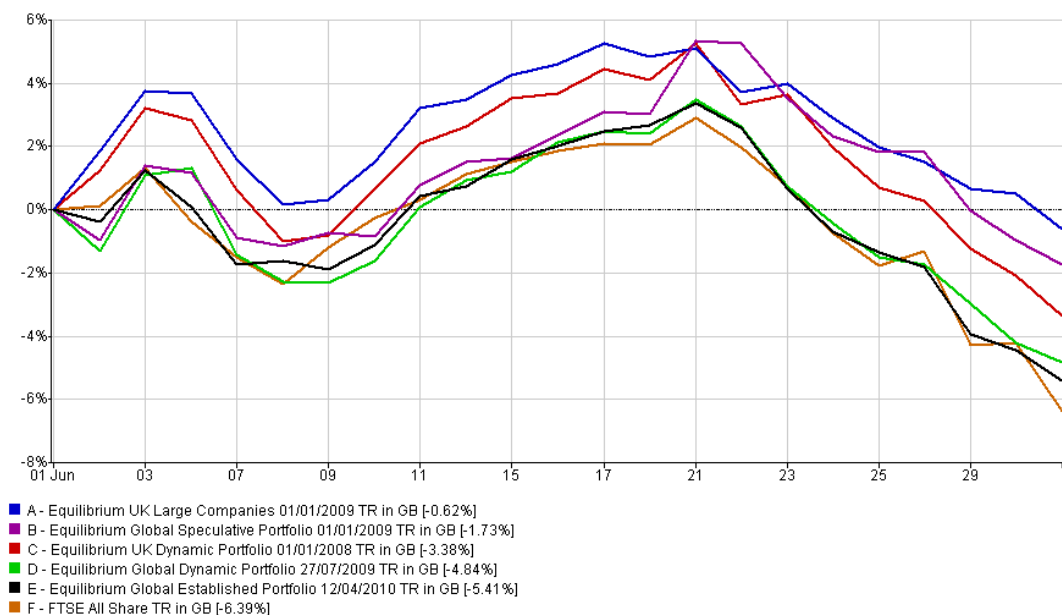
### Equity

Global markets continued their decline in the month of June. Investor sentiment is the main driver of this setback as recent economic indicators have been lacklustre. Disappointing manufacturing reports from China and Europe have worried markets, raising concerns over the strength of the global recovery. The sovereign debt issue remains a major problem as most Eurozone countries have adopted fiscal tightening measures to battle high debt to GDP with Spain's credit rating more than likely to be downgraded. Japan and Emerging Markets sector have been the least bad performing areas over the past six months with Europe leading the decline.



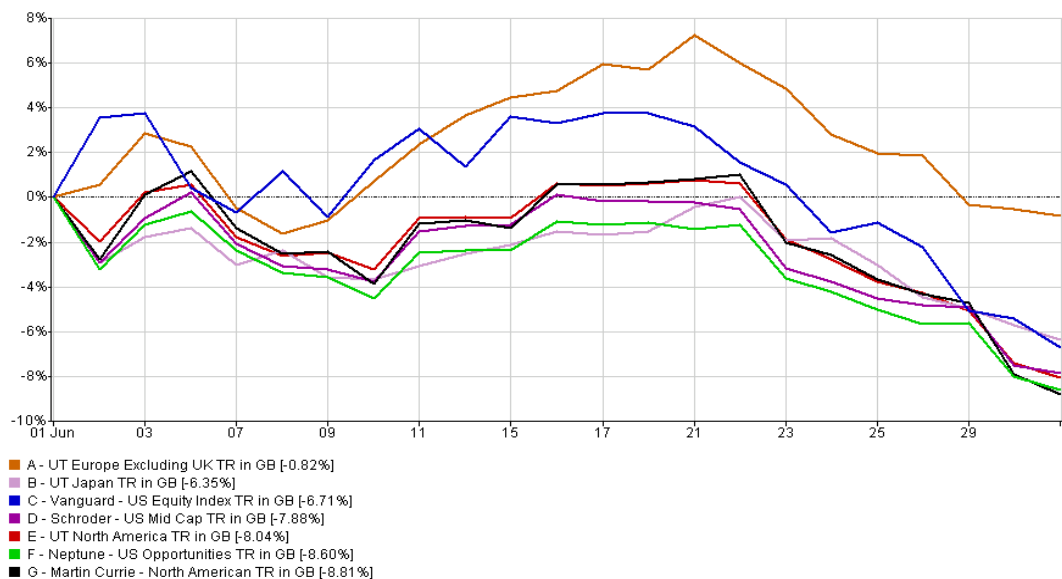
# equilibrium

All equity portfolios were negative over the past month but all beat the FTSE Allshare. Our Global Established and Global Dynamic portfolios were the worst performing. The UK Large portfolio performed the best with defensive stocks holding their ground.



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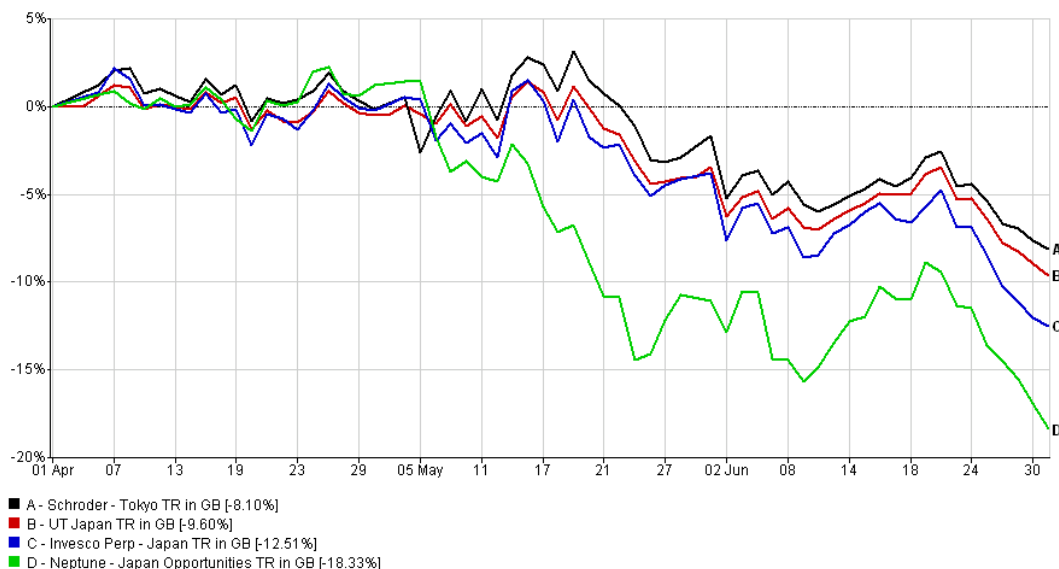
The fall in the Global portfolios was compounded by a rally in sterling against the dollar over the month (from \$1.44 in the start of June, finishing \$1.51 at the end), which had a big impact on the Martin Currie North American and Neptune US Opportunities funds.



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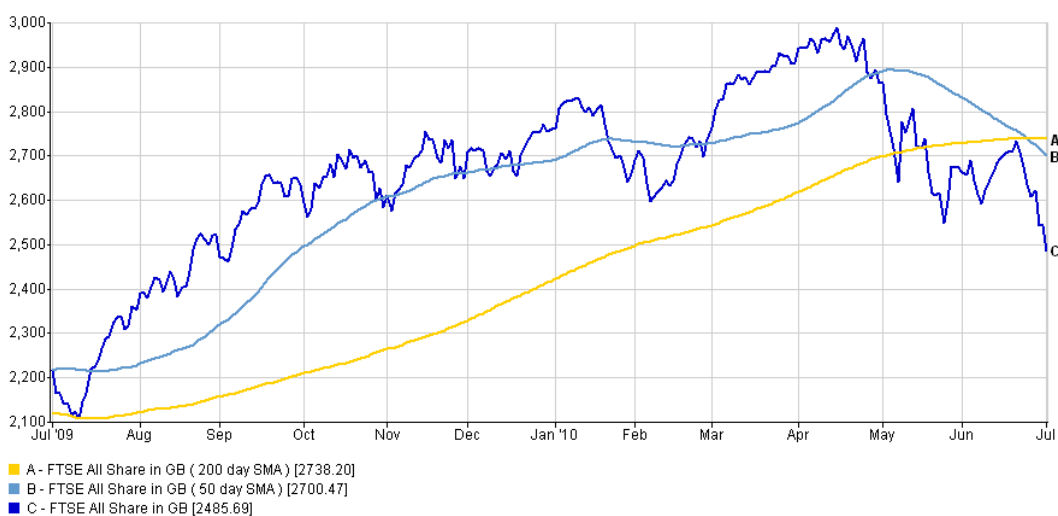
# equilibrium

Various fund manager groups including Invesco and Schrodgers are bullish on Japanese equities but believe that the Yen will suffer a setback, but most funds don't have the ability to hedge out the currency risk. If this call is correct then Neptune Japan Opportunities will outperform the other Japanese funds as it can hedge currency, but for now it remains poor as the Yen has strengthened:



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The FTSE 100 finished below 5000 at 4921 on the last day of June. Our technical analysis has indicated a major sell sign as the 50-day moving average has fallen below the 200-day average. This is indication is what chartist like to call a 'Death Cross'. The 'Death Cross' allegedly predicts a doom and gloom scenario of the markets based on recent history. Back in December 2007 the FTSE had one, which set the tempo for the 2008 crisis:



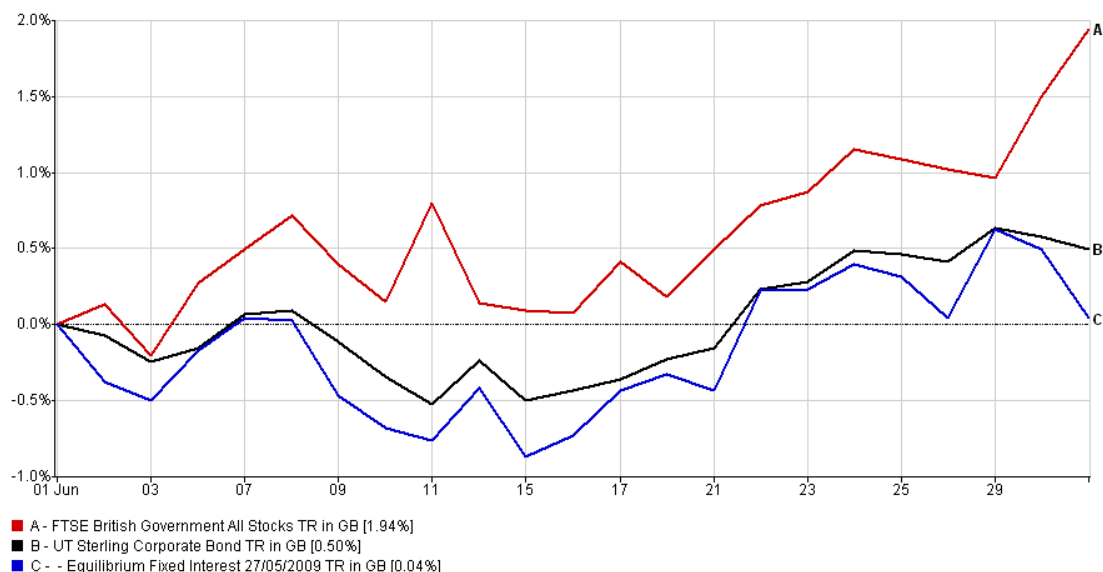
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However, there have also been false readings in the past and, whilst trend indicators can be helpful, we prefer to look at fundamental value for long term investments.

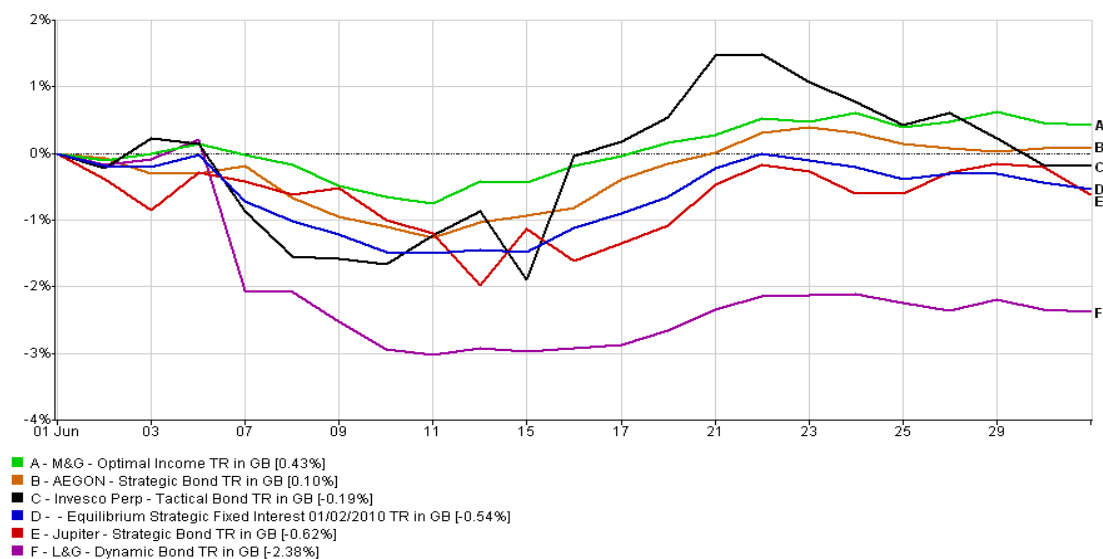


## Fixed Interest

Our Fixed Interest portfolio was fairly flat over the month as last month, marginally underperforming the Corporate Bond sector as those funds which have high proportions in financials underperformed. Gilts continued to do well as the “flight to quality” after the European debt issues continued:



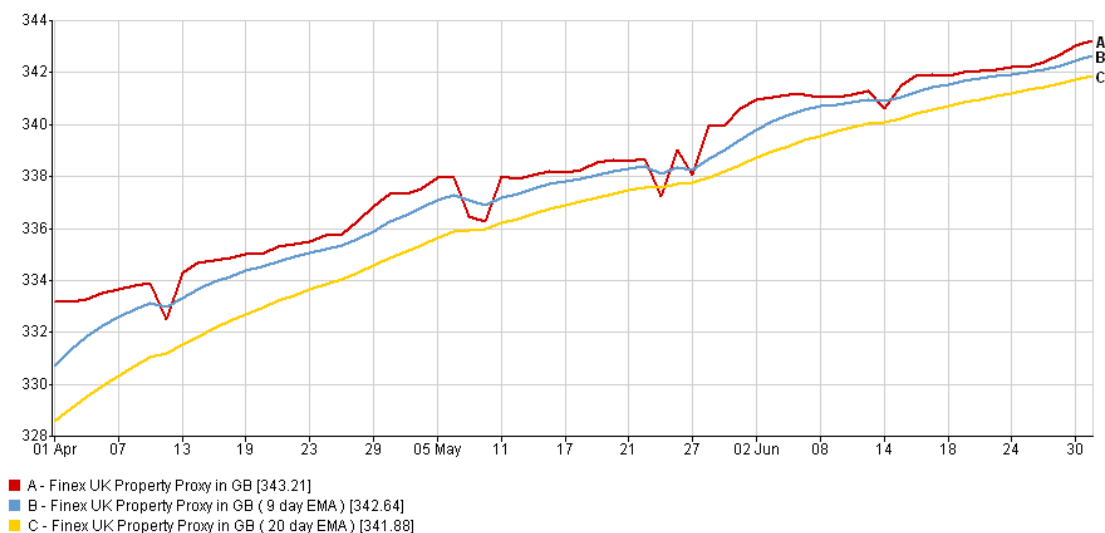
Strategic Fixed Interest has marginally underperformed over the past month, leaving it underperforming over two consecutive months now after outperforming every month since launch before then. Our funds are generally overweight high yield and underweight gilts which has impacted short term performance as gilts continued to outperform corporate bonds over the past month. L&G Dynamic Bond has severely underperformed over the month (partly due to pricing) and this requires further discussion.





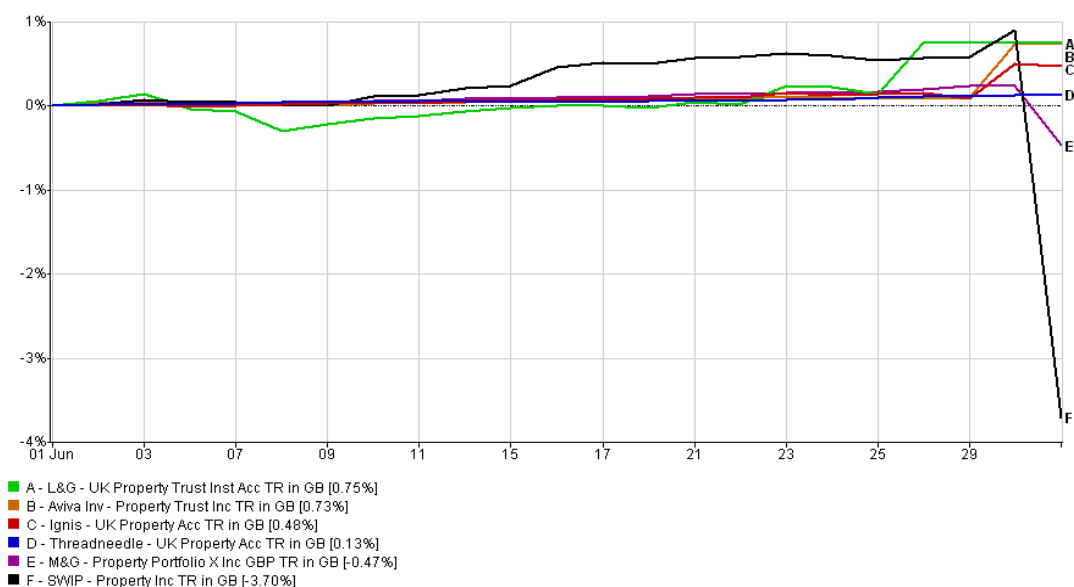
## Property

Property returns are continuing to move along as shown in the 3 month trend chart as it remains a positive trend:



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Our funds performed positively but at the end of the month there was a temporary re-price to M&G and SWIP (which have now re-priced back up) indicating that on that day they received more outflows than inflows:



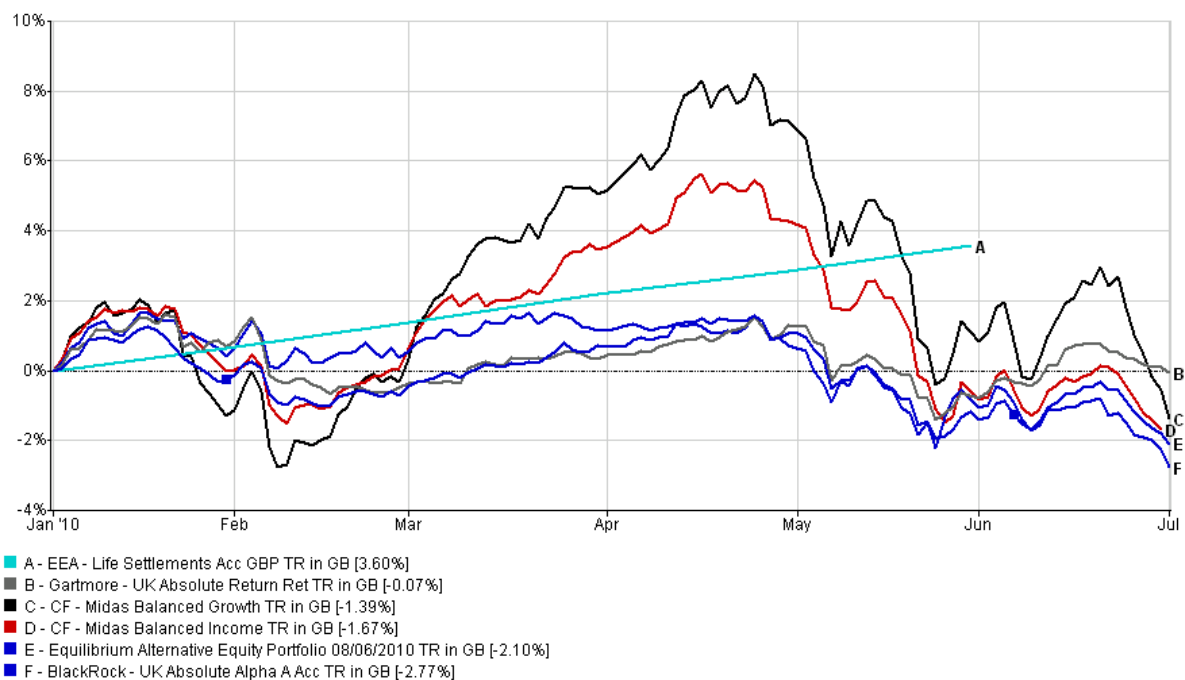
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L&G have changed their pricing structure introducing a bid/offer spread, and as a result we will no longer use the fund for new investments.



## Alternative Equity

Alternative Equity fell over the month along with the equity markets:



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Last month we decided to switch out of the Cazenove UK Absolute Target fund due to its continued poor performance over the year. In its place we decided on the CF Midas Balanced Growth fund. This decision is primarily based on the potential for strong growth in a rising market. We may hold this for a relatively short time and switch back to a more cautious approach if markets rise from here.

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