

**IFSL BMAM Balanced Managed Fund**

2nd Quarter 2010

**Objective**

To provide capital growth through investment in a diversified portfolio of collective investment schemes, giving exposure to many of the world's stock markets.

**Manager's Comment**

Volatility remains a constant theme as the news from Europe continues to cause concern for investors. As highlighted in our last quarterly review, the debts in Greece, Portugal, Italy and Spain have raised a number of issues, not least the stability and the possible future viability of the Euro.

The UK General Election has come and gone and the budget in the end threw up very few surprises. The fact that we have a major deficit has now been acknowledged and a plan has been put forward to tackle it. Stock markets can now absorb this information and make its judgement.

Looking out over the next quarter we would expect the volatility to continue. As such, we will continue to adopt a policy of seeking to identify trading opportunities. However, we remain optimistic on a twelve month view as the 'bad news' is reflected in stock and fund values. Stock markets can always deal with news, good or bad, but it always has a problem with uncertainty. This will now start to be removed over the next six months as signs should appear that governments are finally tackling their deficits. Provided that inflation remains under control, albeit at higher levels than experienced in recent years, we feel confident that markets will recover.

**Current Asset Allocation**

Fund	%	Sector
Smith & Williamson North American	9.91	US Equity
L&G All Stocks Index Linked Gilt	9.39	UK Fixed Interest
BNY Mellon Global Strategic Bond	9.38	Global Fixed Interest
Veritas Asian	7.08	Pacific Ex Japan Equity
Schroder UK Alpha Plus	6.97	UK Equity
Ignis Argonaut European Alpha	6.89	European Equity
GLG Japan Core Alpha	6.39	Japan Equity
Rensburg Blue Chip Growth	6.19	UK Equity
M&G Recovery	4.85	UK Equity
Standard Life Global Index Linked Bond	4.60	Global Fixed Interest
City Financial Strategic Gilt	4.35	UK Fixed Interest
River & Mercantile UK Equity Smaller Cos	3.53	UK Equity
Ignis Hexam Global Emerging Markets	2.71	Emerging Markets
AXA Framlington Emerging Markets	2.70	Emerging Markets
iShares FTSE 250	0.89	UK Equity
Cash	14.35	Cash

**Fund Facts\***

**Launch date:** 20/12/2004

**Fund size:** £11,100,637

**NAV Price:**  
A class: £1.2270  
B class: £1.2070

**Latest Yield:**  
A class: 0.20%  
B class: 0.00%

**Distribution dates:**  
A class, 31/07, 31/01  
B class, 31/07, 31/01

**Minimum investment:**  
A class, £50,000.00  
B class, £2,500.00

**Initial charge:**  
A class, 1.0%  
B class, 5.0%

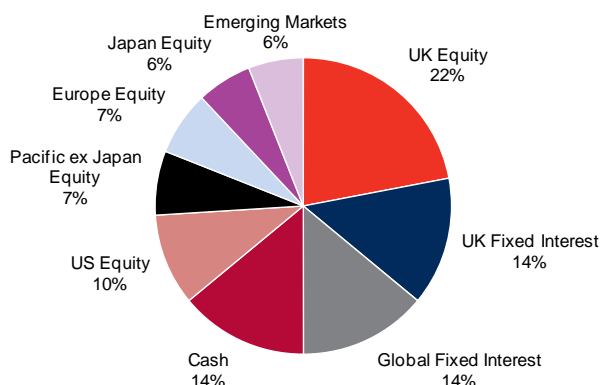
**Annual management charge:**  
A class, 1.0%  
B class, 1.5%

**Sedol:**  
A class B054QF3  
B class B054QG4

**ISIN:**  
A class GB00B054QF32  
B class GB00B054QG49

\*as at 30 June 2010

**Sector Allocation**



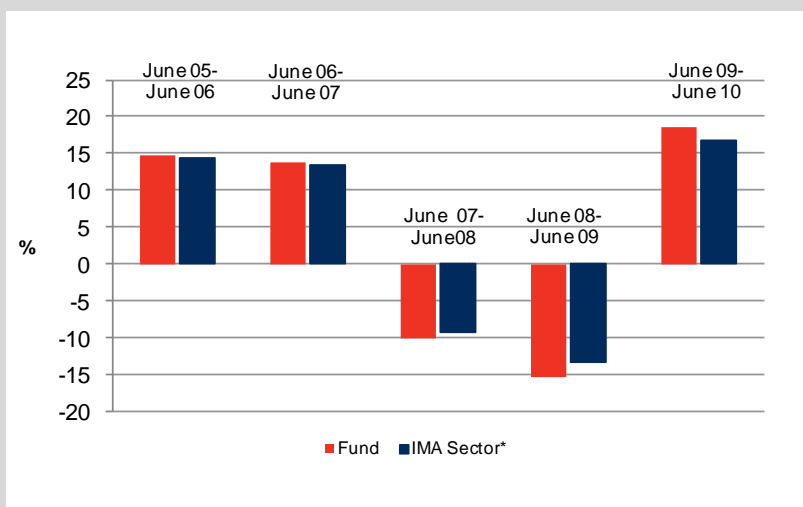
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**Performance (%) \***

Discrete	Jun 05 - Jun 06	Jun 06 - Jun 07	Jun 07 - Jun 08	Jun 08 - Jun 09	Jun 09 - Jun 10
<b>Fund</b>	14.84	13.69	-10.17	-15.32	18.68
<b>IMA Sector **</b>	14.44	13.34	-9.19	-13.21	16.73
<b>Difference</b>	+0.40	+0.35	-0.98	-2.11	+1.95

**Discrete performance chart\***



\*All performance figures are on a bid to bid basis. Performance relates to A class shares only although other performance data is available on request. Source: Financial Express to 30 June 2010.

\*\*IMA Balanced Managed GTR

**Contacts**



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**Administration and Valuation**

- Valuations are provided every six months and access to valuations is available online @ [www.bm-am.com](http://www.bm-am.com).

Investors should be aware that the price of units in this fund and the income from them can go down as well as up and that neither is guaranteed. Past performance is not a guide to future results. Investors may not get back the amount invested. Changes in rates of exchange may have an adverse affect on the value, price or income of an investment. Investors should be aware of the additional risks associated with funds investing in emerging or developing markets.

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