

IFSL BMAM Cautious Managed Fund

2nd Quarter 2010

Objective

To provide a combination of income and capital growth through investment in a diversified portfolio of collective investment schemes, the predominance of which, primarily investing in UK equities and fixed interest securities. This will give indirect exposure to fixed interest securities, equities, equity-linked investments and cash selected from various markets worldwide encompassing a variety of economic sectors.

Manager's Comment

The ongoing problems in Europe and the implications this had for government debt in Greece, Portugal, Spain and Italy put the €uro under pressure. As in most times of crisis the US dollar is the currency of choice for investors and as a consequence strengthened against the €uro. Sterling which, although part of Europe, remains outside of the monetary system also enjoyed a period of strength against the €uro.

Elsewhere, the big story has been the decision by BP to bow to pressure from the Whitehouse and suspended its dividend. This plus the ongoing problems in the Gulf of Mexico saw the price of BP's shares continue to tumble and at one point they had declined around 50% in the last three months or so. This sharp correction in one of the largest stocks in the UK has had significant implications for UK investors, notably those who hold UK or Overseas Equity Income Funds. As one of the largest distributors of dividend income the loss of a dividend payment plus a collapse in capital values has come as a double shock. Capping the well in the Gulf of Mexico looks likely to take longer than expected and as a result the clean up bill will only continue to grow.

Whilst the problems at BP will resolve themselves in due course the inclusion of this stock in so many portfolios highlights the need for investors to maintain a diversified portfolio. Whilst the Cautious Managed Fund will be influenced by events in the Gulf of Mexico the 49% of the portfolio held in fixed interest stocks and almost 5% held in Pan European Property will help to ameliorate the effect.

Current Asset Allocation

Fund	%	Sector
M&G Strategic Corporate Bond	11.66	UK Fixed Interest
Fidelity Moneybuilder Income	11.50	UK Fixed Interest
Investec Sterling Bond	10.75	UK Fixed Interest
L&G High Income	7.80	Global Fixed Interest
Psigma Income	7.31	UK Equity
Rensburg UK Equity Income	7.18	UK Equity
Schroder Income	6.91	UK Equity
Standard Life UK Equity High Income	6.90	UK Equity
Aegon UK Sterling Corporate Bond	6.80	UK Fixed Interest
Veritas Global Income	5.71	Global Equity
Lazard Global Equity Income	4.55	Global Equity
Premier Pan European Property	4.46	Global Equity
Cash	8.47	Cash

Fund Facts*

Launch date: 20/12/2004

Fund size: £5,040,297

NAV Price:

A class: £0.9522

B class: £0.9470

Latest Yield:

A class: 3.80%

B class: 3.80%

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 B054QL9

B class B054QN1

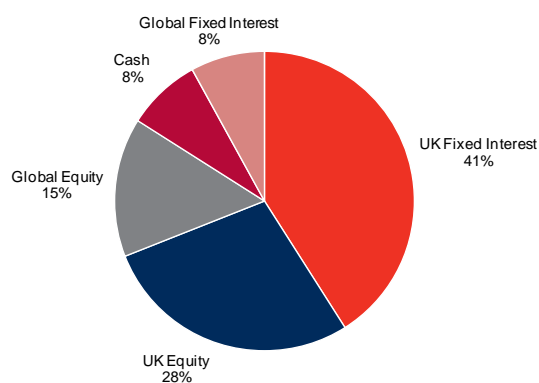
ISIN:

A class GB00B054QL91

B class GB00B054QN16

*as at 30 June 2010

Sector Allocation



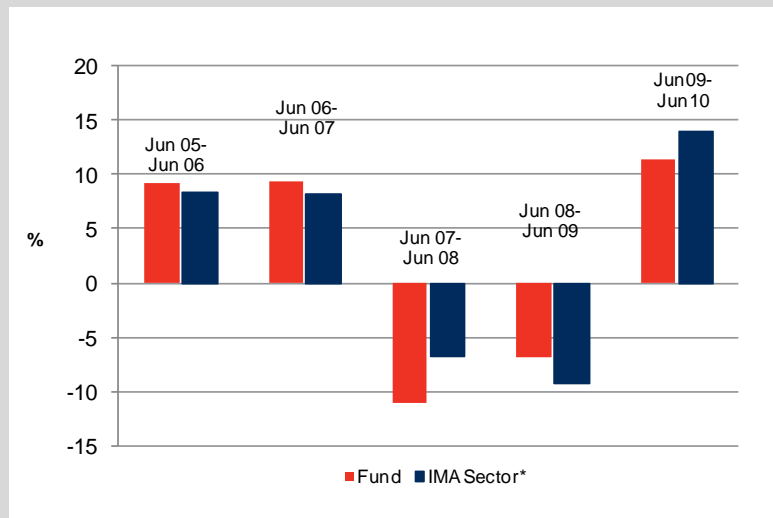
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Performance (%)*

Discrete	Jun 05 - Jun 06	Jun 06 - Jun 07	Jun 07 - Jun 08	Jun 08 - Jun 09	Jun 09 - Jun 10
Fund	9.20	9.31	-11.10	-6.84	11.37
IMA Sector **	8.37	8.23	-6.82	-9.20	13.91
Difference	+0.83	+1.08	-4.28	+2.36	-2.54

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 Cautious 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.

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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