

IFSL BMAM UK Equity Income Fund

2nd Quarter 2010

Objective

To provide income, with the potential for capital growth, through investment in a diversified portfolio of collective investment schemes, the predominance of which, primarily investing in UK equities.

Manager's Comment

The last quarter witnessed the FTSE 100 Share Index fall almost 14% as the impact of the collapse in the price of BP shares dragged the index consistently lower. The consequence of maintaining full weightings to stocks such as BP highlight the issue of holding index tracking funds which have to maintain up to weight positions at all times. Consequently, those few fund managers with an underweight position, regardless of the yield offered by BP, found themselves propelled up the fund rankings.

Over this quarter we increased our cash position as we became increasingly nervous about the UK market which we felt could be vulnerable to a correction with a General Election and a subsequent budget (regardless of who won) all by the end of June. As such, the Marlborough UK Equity Income Fund was sold in April thereby consolidating a useful gain. Since then we have maintained a higher than usual cash position simply to protect the fund against short term volatility and to take advantage of any buying opportunities thrown up by the anticipated volatility.

We have declined to use this cash as prices continue to behave erratically although we have a number of funds and options under review. It is anticipated that a decision will be made over this coming quarter and appropriate action taken. Volatility is a feature of today's UK stock market and is likely to remain with us for some time to come. Whilst retaining high levels of cash offers little reward from a yield perspective it does add an element of protection in the short term which cannot be ignored.

Current Asset Allocation

Fund	%	Sector
Threadneedle UK Equity Income	10.22	UK Equity
Artemis Income	9.30	UK Equity
JO Hambro UK Equity Income	9.29	UK Equity
Blackrock UK Income	9.28	UK Equity
Aviva UK Equity Income	9.22	UK Equity
Allianz RCM UK Equity Income	8.94	UK Equity
M&G Dividend	8.79	UK Equity
Newton Higher Income	8.63	UK Equity
Royal London Equity Income	8.54	UK Equity
M&G Optimal Income	7.67	UK Fixed Interest
Cash	10.12	Cash

Fund Facts*

Launch date: 20/12/2004

Fund size: £2,584,254

NAV Price:

A class: £0.8974
B class: £0.8929

Latest Yield:

A class: 4.10%
B class: 4.10%

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:

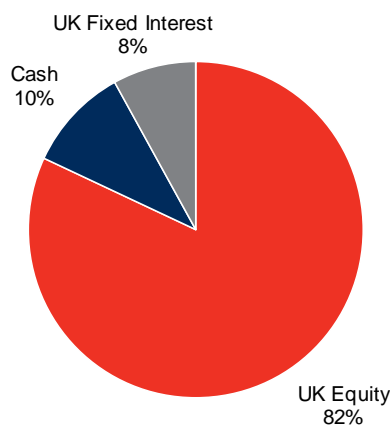
A class B054QH5
B class B054QK8

ISIN:

A class GB00B054QH55
B class GB00B054QK84

*as at 30 June 2010

Sector Allocation



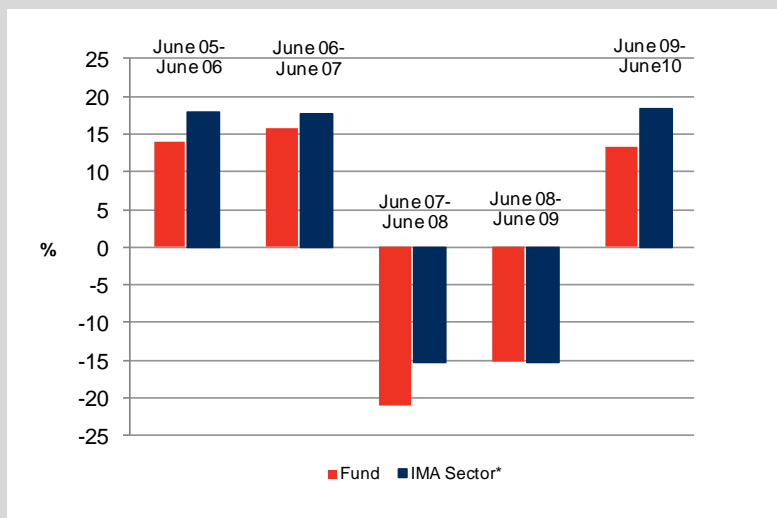
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Performance (%)*

Discrete	Jun 05 - Jun 06	Jun 06 - Jun 07	Jun 07 - Jun 08	Jun 08 - Jun 09	Jun 09 - Jun 10
Fund	14.04	15.87	-21.07	-15.06	13.38
IMA Sector **	17.96	17.76	-15.27	-15.25	18.35
Difference	-3.92	-1.89	-5.80	+0.19	-4.97

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 UK Equity Income & Growth 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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