

April 2012

Portfolio manager's commentary

Broadly positive news from Europe as well as strong returns from the overseas sectors helped the Cautious portfolio return over 3.5% for the second consecutive quarter.

In order to broaden the reach of the portfolio we have reintroduced a small allocation to Europe to benefit from the more benign climate that followed the action taken by the central bank. Whilst the region is susceptible to further shocks recent events have seen the financial sector reduce its liabilities with greater liquidity.

In a similar vein a small element of emerging market equity has been included as we expect this region to receive a boost from the stability in Europe as well as the continuing recovery in the US. Full details of the changes can be found on the updated fund lists.

Indicative risk rating



Portfolio mandate

Indicative risk rating	Asset classes	Asset allocation				Benchmark
		Cash	Fixed interest	Equities	Other	
3-4	Minimum	0	0	0	0	Cautious Managed
	Maximum	20	75	60	15	
	Normal alloc.	0	62	36	2	

Fund performance versus benchmark



■ A - ***IMS Cautious (July 2010) 01/01/2012 TR in GB [4.03%]
 ■ B - UT Mixed Investment 20%-60% Shares TR in GB [1.84%]

30/03/2011 - 30/03/2012 Data from FE 2012



James Kempster
Portfolio Manager

Portfolio objective

To provide a long-term capital return in excess of the Cautious Managed Sector.

Investment approach

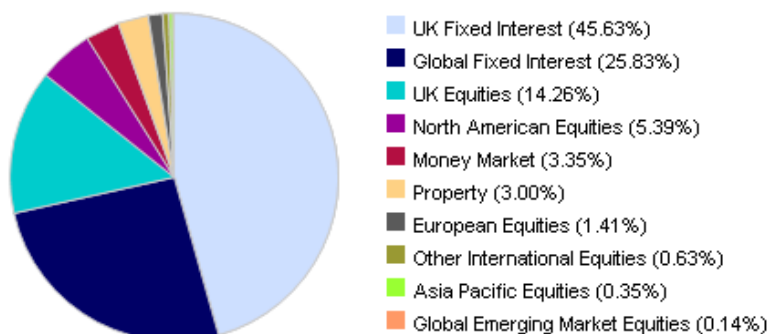
The objective is achieved by using a balanced investment approach gaining exposure to a number of different asset types including shares and bonds, primarily in the UK, with a focus on Blue chip, higher rated instruments. The performance of all the funds in the portfolio is constantly monitored and formally reviewed on a quarterly basis by an investment committee.

Holdings

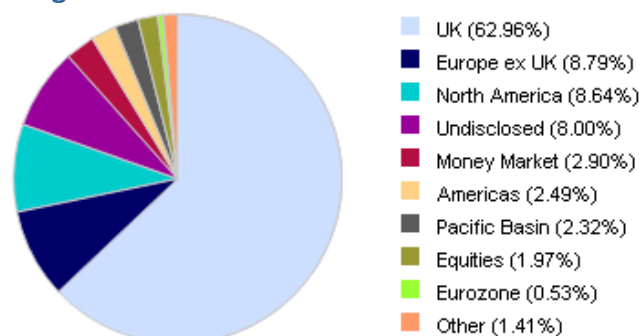
European Equities	4.00%
Threadneedle - European Select	
Global Emerging Markets	3.00%
M&G - Global Emerging Markets	
Global Fixed Interest	21.00%
Old Mutual - Global Strategic Bond	
Invesco Perpetual - Global Bond	
Investec - Emerging Markets LC Debt	
Global Growth	4.00%
M&G - Global Dividend	
Property	3.00%
Ignis - UK Property	
UK Equities	16.00%
Invesco Perpetual - High Income	
Rathbone - Income	
UK Fixed Interest	43.00%
BlackRock - Corporate Bond	
F&C - Corporate Bond	
Aviva - Monthly Income Plus	
Fidelity - Moneybuilder Income	
US Equities	6.00%
Baillie Gifford - American	

April 2012

Asset allocation



Regional breakdown



Important notes

Returns shown are gross of any initial, fund or adviser charges. All data are to 31.03.2012.

Past performance is not a guide to future performance. The value of investments and any income from them will fall as well as rise; you may get back less than the amount invested. Higher volatility investments are subject to sudden and large falls in value and could result in a loss equal to the sum invested. Certain investments are not readily realisable and investors may experience difficulty in realising the investment or in obtaining reliable information on the value or associated risks. Changes in rates of exchange may have an adverse effect on the value, price or income of investments denominated in currencies other than Sterling.

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Key facts

Initial charge	Max. 0.21%
Annual charge	Max. 1.37%
ISA qualification	Yes
Twelve month yield	4.08%
Volatility*	7.66 (Benchmark 6.49)
Sharpe ratio**	0.44 (Benchmark 0.00)

The charges shown do not include any that your adviser may elect to receive, are after initial rebates and will depend on the provider selected. Further details are available on request.

*Volatility measures how much an investment deviates from its average over a period – the lower the better.

**The Sharpe Ratio measures the trade-off between risk and return – the higher the better.

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