

April 2012

Portfolio manager's commentary

The annual yield on the portfolio remained fairly stable at approximately 5% and in addition to this the three month performance of over 5% provided a welcome boost to the total return.

Despite a slowdown in Chinese growth other sectors of the global economy, such as America, have proved resilient and with developments in Europe generally being positive the outlook has improved since the start of the year.

Although there are still issues to resolve in the Eurozone indications are that a continued, albeit slow, rate of growth looks to be the most likely scenario over the medium term. We have added a small allocation to the region in order to benefit from more favourable conditions and have also reduced the bond holdings slightly in favour of UK equity income. Full details of the changes can be found on the updated fund lists.

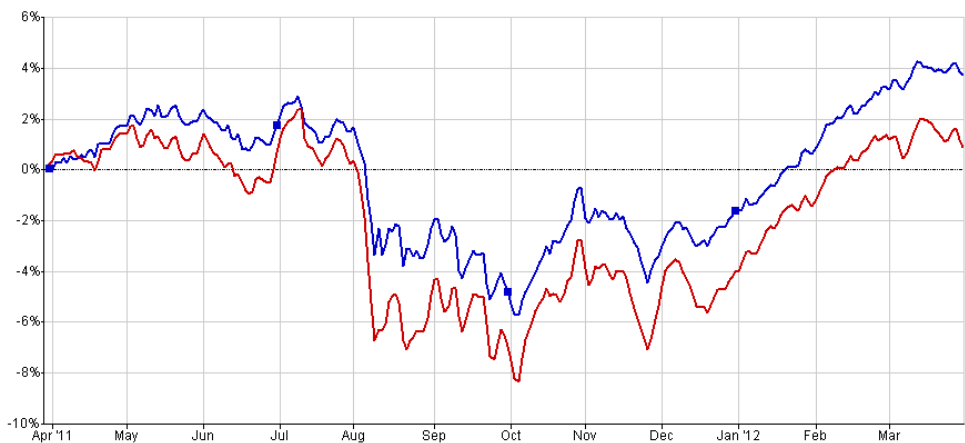
Indicative risk rating



Portfolio mandate

Indicative risk rating	Asset classes	Asset allocation				Benchmark
		Cash	Fixed interest	Equities	Other	
3-4	Minimum	0	0	0	0	Composite benchmark
	Maximum	20	80	50	10	
	Normal alloc.	0	66	31	3	

12 month fund performance versus benchmark



A - ***IMS High Income (July 2010) 01/01/2012 TR in GB [3.71%]
 B - High Income benchmark (composite) TR in GB [0.87%]

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



James Kempster
Portfolio Manager

Portfolio objective

To provide a high level of income and a long-term capital return in excess of its benchmark.

Investment approach

The objective is achieved by using an investment approach balanced between fixed interest securities and UK and international equity allowing the portfolio to benefit from higher levels of income and also potentially higher returns. The performance of all the funds in the portfolio is constantly monitored and formally reviewed on a quarterly basis by an investment committee.

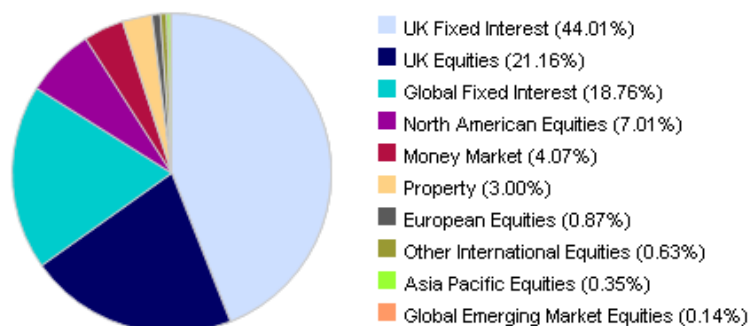
Holdings

European Equities	3.00%
F&C - European Growth & Income	
Global Fixed Interest	7.00%
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	24.00%
JOHCM - UK Opportunities	
Liontrust - UK Growth	
Rathbone - Income	
UK Fixed Interest	54.00%
AVIVA - Monthly Income Plus	
F&C - Corporate Bond	
Premier - Corporate Bond Mthly Income	
AEGON - High Yield Bond	
Artemis - High Income	
Invesco Perpetual - Mthly Income Plus	
Fidelity - Strategic Bond	
US Equities	5.00%
JPM—US Equity Income	

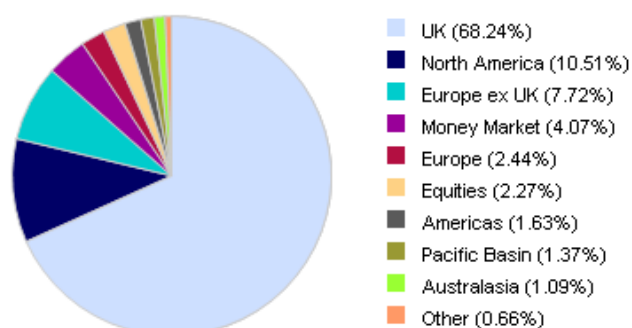
IMS High Income Portfolio

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. 0.22%
Annual charge	Max. 1.39%
ISA qualification	Yes
Twelve month yield	4.93%
Volatility*	5.69 (Benchmark 9.13)
Sharpe ratio**	0.00 (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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