Spearpoint

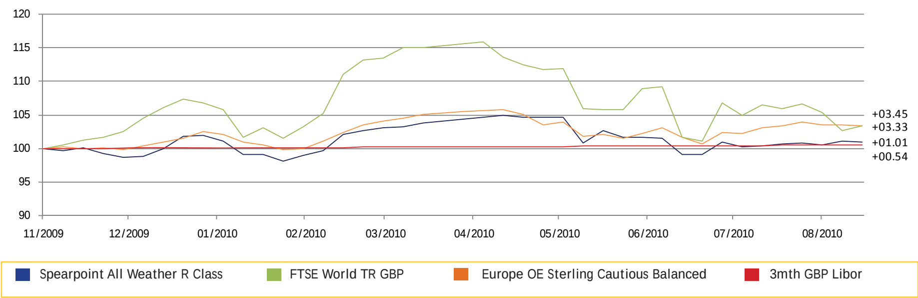
All Weather Fund R-Class

PRICE: £1.0101 (as at 31 August 2010) **31 August 2010**

Fund Objectives

The Fund aims to deliver consistent and attractive returns to investors, considerably in excess of the returns from cash after all fees and expenses. Over rolling three year periods, the Fund also aims to generate returns that are competitive with the returns from other major asset classes such as equities and bonds.

Performance of the R Class Fund since inception to 31 August 2010



Source: Morningstar

Performance of the combined Institutional & R Class Funds since inception to 31 August 2010

	Return	Annualised Return	Annualised Volatility	Sharpe Ratio*	Maximum Drawdown**
Spearpoint All Weather GBP	14.96%	7.37%	8.38%	0.54	-5.61%
Europe OE Sterling Cautious Balanced	8.36%	4.18%	8.58%	0.15	-15.32%
FTSE World TR GBP	10.34%	5.14%	21.68%	0.11	-26.32%

*Risk free rate 2.85% yield on 10yr UK Gilt **Based on weekly data

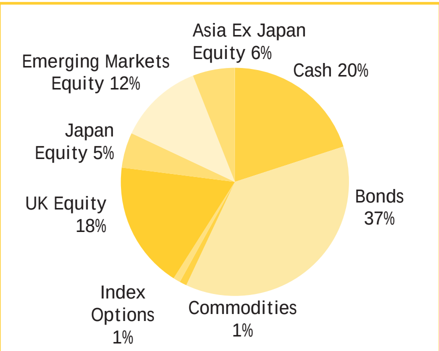
Data based on combination of Retail class (since 1/12/09) and Institutional class (from launch to 1/12/09)

Monthly Performance of the combined Institutional and R Class Funds since inception

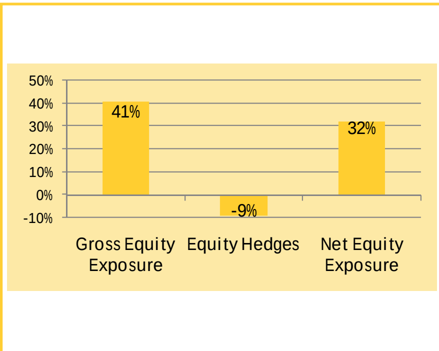
%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2010	*-0.97*	*0.65*	*4.07*	*1.17*	*-2.14*	**-3.54**	**1.40**	**0.54**	-	-	-	-	**0.98**
2009	0.20	-0.68	3.24	2.33	2.73	-1.13	3.15	2.16	2.34	-0.13	-0.05	*0.31*	15.30
2008									-1.20	-2.57	-0.31	2.90	-1.26

Data in italics and bold is the performance of the Retail class, prior monthly returns reflect the proforma of the Institutional share class

Asset Allocation



Net Equity Exposure



Fund Facts

Class: Retail

Fund Size: £4.7m

Base Currency: GBP

Launch Date: 19th November 2009

Launch Price: GBP1.00

Minimum Investment: GBP10,000

Return Objective: LIBOR cash + 4 to 6% over rolling 3 year cycles

Management Fee: 1.5% + Performance Fee

Dealing Frequency: Weekly

Lead Manager: Kevin Boscher

Lipper ID Code: 68052084

Sedol: B4TDPK2

ISIN: GG00B4TDPK20

Bloomberg Ticker Code: SPARALWR GU

Tactical Holdings

- JO Hambro Japan
- Schroders UK Alpha Plus
- M&G Optimal Income
- Investec Asia
- Veritas Asia
- GlaxoSmithKline
- Invista European Real Estate
- Vodafone
- Rabobank 4% 2013 (USD)
- UK Gilt 3.75% 2019
- UK Gilt 4.75% 2030
- Barratt Developments
- GAM China
- Ishares MSCI Far East Ex Japan
- ITV
- FTSE PUTS

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Review
Equities have continued to struggle for direction during August with the developed markets generally moving lower, whilst many emerging markets have sustained their recent outperformance. Government bonds, on the other hand, have extended their gains with yields declining rapidly on weakening economic data, falling inflationary expectations and the Fed (Federal Reserve) openly debating the need for further monetary stimulus. Against this background, the Fund rose modestly by 0.54%, thanks to our defensive stance.

Outlook
Our core view continues to be that a "double-dip" recession will be avoided, mainly because policymakers will be prepared and ready to provide further monetary stimulus, if required. Although one can debate whether additional stimulus would work, the Fed is eager to point out that they have the tools available and will not hesitate to use them, if necessary. However, the recent moves in financial markets are not just in response to the risk of a "double-dip"; markets are also adjusting to the realisation that the US and most of Europe could slide into an extended period of below-trend growth, similar to what has occurred in Japan.

Trend growth is an extremely important dividing line. Indeed, growth above that level supports a sustainable expansion of the economy, with falling unemployment, rising asset values and improving confidence; growth below trend makes it harder for the economy to expand, unemployment will rise or stay high, the output gap (a measure of spare capacity) will swell, governments struggle to reduce deficits and consumer and corporate confidence tend to decline. In addition, the longer that growth remains below trend, the greater the risk of deflation or an economic shock.

Given this and the recent weak data, equities have arguably held up quite well so far. This is partly because of the positive corporate profits that have been reported, the fact that valuations are attractive and since most companies are in overall reasonable shape. It is also due to a pick-up in M&A (Mergers & Acquisitions) activity, which we expect to continue given that the corporate sector is flush with cash and growth is hard to come by. Furthermore, equities are supported by falling borrowing costs, the strong growth emanating from Asia and other developing countries, together with the prospect of additional policy stimulus.
A balanced strategy appears the most sensible option to us at the present time. In the near-term, economic data is likely to continue to disappoint and there is a lack of visibility on the economic and financial outlook. Also, the risk/reward balance for risk assets is poor. However, a lot of bad news has been discounted and sentiment is fairly subdued.

It makes sense to hold a modest equity exposure, and we are favouring emerging markets, where the underlying fundamentals and growth prospects are superior, together with individual stocks where we have a high conviction on their short and medium term prospects. Corporate bonds are also attractive, thanks to the favourable corporate environment and attractive yields on offer. Unless you are in the deflation camp, it is difficult to argue that government bonds are offering good value after their recent moves. However, the downside is likely to be limited as interest rates need to stay very low for a long time in a below-trend growth world. In the meantime, they provide a useful hedge against short term equity weakness. It also makes sense to hold higher-than-normal cash levels in order to protect capital given the uncertain background and also to have liquidity available as opportunities develop.

We expect to have more clarity and conviction about the global economic landscape before the end of the year and sense that a major asset allocation shift is building. In the meantime, we will continue to monitor the economic data and policymakers' action very closely over the next few weeks and are ready to shift strategy, as appropriate. Capital preservation remains the key short term objective, but we anticipate that some potentially very profitable opportunities in risk assets will present themselves over the medium term.

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