

The Hurlingham Fund

The Hurlingham Balanced Fund

| Fund Strategy |

It is our belief that the key to successful investment is diversification across sectors, asset classes and managers. We operate on a traditional portfolio model but this is underpinned by flexibility, considerable experience and in-depth research. We place a high emphasis on asset allocation as we consider this to be essential in helping to provide consistent investment performance. We are not style biased and we always aim to ensure that the most appropriate investment strategy is adopted for the prevailing economic conditions. The Hurlingham Balanced Fund invests in property funds, commodity funds, equity funds, diversified hedge funds, bond funds and cash.

We choose the underlying investments from the very wide range available using our detailed monitoring and selection process, with considerable focus on the risk controls and compliance culture within the individual investment houses we choose.

| Fund Objectives |

To provide long-term capital growth from a portfolio invested across a diverse range of asset classes with a lower risk profile than traditional equity balanced funds.

Performance Record



■ Hurlingham Balanced Pfl TR [-16.0]

■ IMA Cautious Managed TR [5.7]

29/12/2005 - 30/06/2010 © Financial Express Holdings 2010

Discrete Annual Performance (%)

| Share Type | 2010(YTD) | 2009 | 2008 | 2007 | 2006 |
|------------|-----------|------|-------|------|------|
| Income | -1.0 | 12.0 | -26.1 | -2.4 | 5.0 |

Discrete Annual Performance to Quarter End 30 June 2010 (%)

| Share Type | 30/06/2009 | 30/06/2008 | 30/06/2007 | 30/06/2006 | 30/06/2005 |
|------------|------------|------------|------------|------------|------------|
| | 30/06/2010 | 30/06/2009 | 30/06/2008 | 30/06/2007 | 30/06/2006 |
| Income | 11.6 | -18.7 | -13.2 | 8.4 | - |

Cumulative Performance to 30 June 2010 (%)

| Share Type | 3 Months | 6 Months | 1 Year | 3 Years | 5 Years |
|-----------------|----------|----------|--------|---------|---------|
| Income | -6.3 | -1.0 | 11.6 | -21.2 | - |
| Official Sector | -4.2 | -0.2 | 13.9 | -3.3 | 13.5 |

Quoted on a bid to bid, total return, UK Sterling basis. Past performance is not a guide to the future. The price of units and shares and the income from them may go down as well as up and you may get back less than you invested.

Source: Financial Express. 14/07/2010

| Key Facts |

| | |
|------------------------|----------------------|
| Fund Size: | £2.9m |
| Historic Yield: | Inc: 1.9%, Acc: 2.2% |
| Launch Date: | 5 Jan 2006 |
| Sector: | IMA Cautious Managed |

| Top 10 Holdings |

| | % |
|-------------------------------------|-------------|
| ARTEMIS FD MNGRS STRAT BD QTRLY DIS | 8.36 |
| ALLIANZ GBL INV UK ALLIANZ RCM US E | 7.30 |
| LEGAL & GENERAL UT DYNAMIC BD TRUST | 6.90 |
| BROWN ADVISORY FDS US EQUITY VALUE | 5.96 |
| ABERDEEN UT MGRS EMERGING MARKETS I | 5.71 |
| FIRST STATE ASIA PACIFIC LEADERS | 5.47 |
| BLACKROCK AM UK BLK UK DYNAMIC FUND | 5.25 |
| JUPITER UT MNGRS INCOME TRUST | 5.24 |
| INVESTEC FUND MGRS ENH NATURAL RES | 5.00 |
| M&G INVESTMENT MAN STRATEGIC CORP B | 4.91 |
| TOTAL | 60.1 |

| Asset Allocation |

| | % |
|--------------|-------|
| Equities | 46.11 |
| Bonds | 27.46 |
| Alternatives | 20.11 |
| Cash | 6.32 |

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Fund developments and comments



**Hurlingham Balanced Fund:
Investment Manager, Paul Stevens**

In the last month, investors have shunned risk assets as recent data has suggested a reversal in the global recovery. The recent non-farm payroll numbers in the US created some concern amongst investors who have fled risk assets into the safer haven of cash. As a result, all major asset classes have seen a drop in

their value and only some of the alternative investment strategies have managed to hold their values.

The cause of this flight to non-risk assets can be attributed to several factors but a key component is the fear that recovery in the US economy is stalling, and the number of jobless Americans has increased. Some analysts have attributed this recent spike to the lay-off of workers involved in the US Census but the numbers fell by more than this. The US remains the key global economy and accounts for the largest proportion of world Gross Domestic Product (GDP), so any fears over its health inevitably impacts markets globally. Fears over the US combined with the ongoing sovereign risk concerns within Europe (Spain, Greece, Italy and Portugal) have also raised investor fear and driven them to seek safer havens, such as cash, US, UK and German bonds.

In the UK, the 'austerity' measures put in place by the UK coalition government in its recent emergency budget have involved an increase in the capital gains tax to 28% and an increase in the rate of VAT. We are of course currently in uncharted territory as the UK economy is under considerable strain and many economists are starting to talk now of the global economies entering a "Double-Dip" recession; this has only happened once in recent history, after the great depression in the US in the 1930s. It is of course an outside possibility, and as mentioned in our past commentaries, the 2008 credit-crisis was a once-in-a-lifetime event; however, we consider it unlikely. Nevertheless, it will be a while yet before the finances of developed economies can return to any resemblance of 'normal'.

Despite the uncomfortable position inevitably felt by our investors following market falls there is some room for optimism: interest rates will continue to remain low globally; we are possibly seeing the beginning of an inflationary cycle which would be good for equities and would help to inflate away the national debt. Consequently we have maintained our original view that equities remain attractive and that dividends will be an important component of investor returns going forward.

Whilst the developed nations continue to suffer from debt problems, the emerging economies look set to continue to grow, with little debt to worry about. The development of Latin America countries continues to mature, and China has recently made tentative moves towards relaxing its currency peg with the US dollar. This delicate negotiation between the two countries is to help alleviate China from gaining an unfair advantage globally in trading and may possibly constrain growth so that China does not enter into an insurmountable inflationary bubble.

Against this background we have maintained our weighting to US dollar assets as we still expect the US economy to continue in its recovery. We have also retained our other equity weightings, and recently increased our investment in Japan. Within debt markets, we still favour emerging market debt over developed country debt, and we continue to allocate to bond funds that look to manage their duration risk and diversify their capital exposure. We have kept our modest weighting in property but remain cautious. We have also retained our exposure to Gold.

Fund Information

| | |
|---------------------------------|--|
| Annual Management Charge | 1.50% |
| Initial Charge | 5.55% |
| Accounting Dates | 31 Oct, 30 Apr |
| Payment Dates | 28 Feb, 30 June |
| Valuation Point | 12 noon, daily |
| Sedol | Acc: B0RDSC9, Inc: B0RDSB8 |
| Published Price | www.thehurlinghamfund.co.uk The Financial Times |
| Share Class | Accumulation & Income |
| ISA eligible | Yes, stocks & shares |
| Min. Investment | £5,000 / £100pm |

Investment Team

1st Port Asset Management I

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Paul Stevens, Investment Manager I

Paul is the Branch Principal of 1st Port Asset Management and has over twenty three years experience in the management of private client assets. Paul started his career at Grieson Grant stockbrokers and then at Kleinwort Benson Private Bank. On leaving Kleinwort Benson in 2003 Paul founded 1st Port Asset Management in Mayfair to provide bespoke discretionary portfolio management to the independent financial services industry.

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