

| Fund Strategy |

We believe that consistent and significant alpha can be generated over the longer term by exploiting market inefficiencies through a combination of skilful investment managers. Rigorous fundamental proprietary research leads to the identification of investment managers with skill. We combine a selection of these managers to produce a robust fund, which over time is expected to generate consistent, significant and stable alpha.

Alpha is also added through the implementation of tactical asset allocation positions around a strategic benchmark.

| Portfolio Objectives |

The Fund aims to achieve long-term capital growth. The risk profile of the Fund is 'medium-high' or 'broadly balanced' with a majority, 50% to 80%, invested in equities and the remainder in more defensive asset classes, but not limited to, fixed interest securities and cash. The Fund's restriction on investment in equities is calculated by including both direct investments in equities and indirect exposure achieved through investment in equities held within other collective investment schemes.

Important Note: Following shareholder approval, the Fund's name changed from the Snowdonia Balanced Fund to the PPM Accel Blue Fund and the Investment Objective changed to that stated above from 11 July 2011. Performance data is currently unavailable.

Fund developments and comments

PPM Accel Blue Fund, Investment Manager - Barry Cowen



The optimism that followed the co-ordinated moves from the major 'western' central banks to supply unlimited cheap funding to European banks in all major currencies announced at the end of November, gave way in early December. The markets decided that whilst this was good news for the banks more action would be needed to support those banks and the troubled finances of the Southern European nations.

More such positive action soon followed. The European Central Bank (ECB), in a scheme very similar to the US

Troubled Asset Relief Plan (TARP) plan from 2008, agreed to lend EU banks unlimited amounts of money at just 0.5% for 3 years, in return for lower quality collateral. This effectively meant EU banks could remove some lower quality loans from their balance sheets, give these to the ECB, and in return get cash with which they could buy European sovereign debts for a healthy yield increase. Banks took advantage of this facility to the tune of €489Bln. A second round of funding will be available in March 2012.

This means that banks should have negligible funding issues for at least three years, and concerns over their ability to raise their capital adequacy to required levels are much alleviated. This is excellent news for markets with the ECB now taking on a good deal of the banks' credit risks. Although this is not Quantitative Easing in the style of the US and UK central banks, the ECB has expanded its balance sheet, and used its name to support European economies via unconventional means. The associated demand for sovereign debt eased funding costs on Italian and Spanish sovereign debt, but by the end of December, Italian 10 year yields were back near the troublesome 7% level.

US economic data meanwhile has continued to improve. Good sales demand has been reported in advance of the Christmas period with spending on auto's apparently particularly robust. Weekly Jobless Claims have dipped below the psychological 400,000 level and there has been better news on housing demand levels, though home prices continue to remain fairly soft. As encouraging are signals from various manufacturing surveys which imply better than previously expected GDP numbers and potentially stronger earnings when companies report numbers en masse early in January 2012.

Chinese data continues to suggest a soft landing there and easing monetary policy in many emerging markets should eventually become supportive of growth and earnings in those regions. The shadow finance sector that replaced government lending in China over the last 18 months though continues to hang over the region and is possibly creating a stock buying opportunity as investors remain sidelined. However, until there is further clarity about how the likely bad loans will be absorbed, it is difficult to be too optimistic and a modicum of caution continues to look pertinent.

Over the period we marginally reduced our exposure to the UK, selling down our UK tracker position in favour of the Asia Pacific ex. Japan region, where we marginally added to the defensively positioned First State Asia Pacific Leaders fund. This move is in line with our view that global growth will be driven by the east, not the west. However, as mentioned above, we are reluctant to significantly increase our exposure to the region until more clarity presents itself regarding the health of the Chinese shadow banking system. We also sold out of our holding in the S&W European Growth Trust and replaced it with the Neptune European Opportunities fund. We feel that Neptune's cautious view on Europe and their team led research process will add value to the portfolio. As a result of these changes cash levels were slightly increased.

| Key Fund Facts |

Fund Size:	£12.14m
Launch Date:	14 October 2004
Sector:	IMA Unclassified

| Top 10 Holdings |

	%
VANGUARD INVESTMEN US EQUITY INDEX	10.22
BLACKROCK AM UK UK EQUITY TRACKER D	8.27
CITY FINANCIAL STRAT GLT-BA	7.84
LEGAL & GENERAL UT ALL STOCKS GILT	7.69
JPMORGAN AM UK LTD STERLING CORP BD	6.00
HSBC INV FDS (UK) FTSE ALL SHARE ID	5.87
Cash	5.82
AXA FRAMLINGTON UK SELECT OPPORTUNI	5.28
FINDLAY PARK AMERICAN FUNDS - USD	4.27
FIL INV SVCS UK FID STRATEGIC BD NE	4.10
TOTAL	65.36

| Asset Allocation |

	%
UK Equities	31.50
Overseas Developed Markets	23.86
UK Government Bonds	16.91
UK Corporate Bonds	15.94
Emerging Markets	6.61
Cash	5.19

Investment Team**I Sanlam Fund Solutions I**

The Sanlam Group has been involved in multi-manager investment since 1999. Sanlam Fund Solutions is a dedicated institutional team based in London, whose remit is to provide managed solutions for financial advisors, with fund selection and asset allocation within agreed risk parameters to best suit the needs of their clients. Sanlam Fund Solutions is a trading name of Principal Investment Management Limited, which is authorised and regulated by the Financial Services Authority.

| Barry Cowen, Senior Investment Manager |

Barry has been working in investment management since 1997, initially with the highly respected Société Générale as a Portfolio Manager, specialising in fixed income, money markets and foreign exchange; before moving on to George Petch International where he assumed the role of Investment Director. In September 2008 Barry helped to set up Titan Fund Management (Mauritius) and took the position of Managing Director shortly afterwards. In 2011 Barry joined SFS as a Senior Investment Manager and is responsible for the management of the Accel Model portfolios and OEICs.

Fund Information

Annual Management Charge	Class A Shares 0.75%
	Class B Shares 1.50%
Initial Charge	Class A Shares 0.00%
	Class B Shares 5.27%
Accounting Dates	31 Mar, 30 Sept
Payment Dates	31 July, 30 Nov
Valuation Point	12 noon, daily
Sedol Code	Acc: B02YR42
Published Price	www.ppmsanlam.co.uk
Share Class	Accumulation
ISA eligible	Yes, stocks & shares
Min. Investment	£3,000

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