

Snowdonia Income Fund

The Snowdonia Fund

| Fund Strategy |

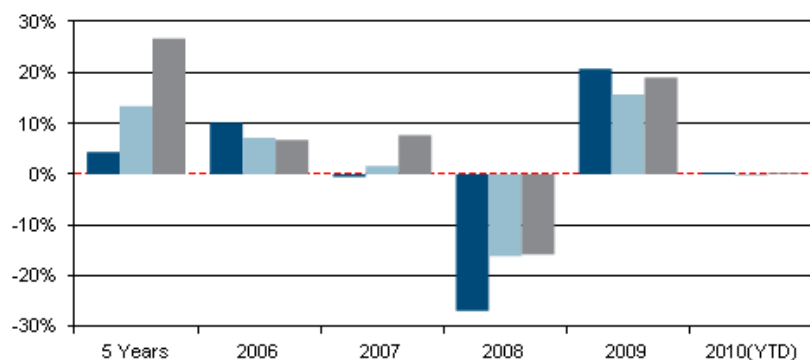
The Fund aims to deliver sustainable above-average returns through a combination of asset allocation and fund selection. Top down macro economic views will influence the allocations to different styles of fund management and asset classes over time. The portfolio will have diversified exposure to funds, selected through a process designed to identify those that are complementary to each other and are able to deliver above average returns over the medium-term.

The income strategy is to deliver an attractive dividend yield from a well diversified portfolio of investments that will include: UK and overseas equities, Government and Corporate Fixed Interest securities (including index-linked) both in the UK and overseas, commercial property and related securities.

| Fund Objectives |

To provide income together with some long-term capital growth from a portfolio of investments. To be managed such that a maximum of 60% of the Fund's assets will be exposed to equities.

Performance Record



■ Snowdonia Income TR
 ■ IMA Cautious Managed TR
 ■ Composite Index Portfolio Benchmark TR

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Composite Benchmark: 25% FTSE All Share, 20% FTSE All-World Developed ex UK, 22.5% iBoxx Sterling Corporate All Maturities, 22.5% iBoxx Sterling Government All Maturities, 5% MSCI Emerging Markets, 5% 3 month LIBOR

Discrete Annual Performance (%)

Share Type	2010(YTD)	2009	2008	2007	2006
Accumulation	0.3	20.7	-26.8	-0.5	10.1

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

Share Type	30/06/2010	30/06/2009	30/06/2008	30/06/2007	30/06/2006
Accumulation	17.8	-17.4	-10.9	9.2	10.1

Cumulative Performance to 30 June 2010 (%)

Share Type	3 Months	6 Months	1 Year	3 Years	5 Years
Accumulation	-4.2	0.3	17.8	-13.3	4.3
Official Sector	-4.2	-0.3	13.8	-3.4	13.4
Benchmark	-5.6	0.2	18.2	4.6	26.7

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. Exchange rates will also cause the value of underlying investments to fall or rise.

Source: Financial Express. 07/07/2010

| Fund Key Facts |

Fund Size:	£57.26m
Launch Date:	14 Oct 2004
Historic Yield:	Inc - 4.1%, Acc - 4.1%
Sector:	IMA Cautious Managed

| Top 10 Holdings |

	%
TRADITIONAL FUNDS THAMES RIVER GBL	8.24
LEGAL & GENERAL UT ALL STOCKS GILT	7.52
VANGUARD INVESTMEN DV WD EX UK EQ I	6.57
NEWTON GLOBAL HIGHER INCOME	6.02
FIL INV SVCS UK STRATEGIC BOND NET	5.88
VERITAS ASSET MGMT GLOBAL EQUITY IN	5.82
INVESTEC FUND MGRS GBL BOND III I N	5.34
HENDERSON GBL INVS STRATEGIC BOND I	5.25
LEGG MASON INVESTM GBL MULT STRAT B	5.12
ARTEMIS FD MNGRS STRATEGIC BOND M I	5.06
TOTAL	60.82

| Asset Allocation |

	%
Corporate Bonds	27.73
Overseas Developed Markets	25.33
UK Equity	18.63
Government Bonds	13.12
Other Fixed Interest	12.10
Cash	3.09

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Fund developments and comments



**Snowdonia Income Fund,
Investment Manager: Iain Scotland**

Following a build-up of significant risk aversion in May, equity markets enjoyed a modest rebound in the first half of June following the release of strong economic data from countries in Asia, including Japan and Australia. The sharp decline in the value of the euro was also halted by some signs of stability in peripheral EU

bond markets and supportive comments from China. However, this respite proved to be only temporary and equity markets came under renewed selling pressure in the second half of June. This weakness was primarily led by the US, where disappointing economic data in terms of housing, employment and consumer confidence drove the US dollar and US equities lower.

As one would expect, equity markets in Europe also weakened, however a number of key Asian markets held on to their gains and ended the month in positive territory – for example, equity indices in Hong Kong, Singapore, Korea and India all delivered gains in the range 2 – 4%. For UK investors, these returns were negatively impacted by a modest recovery in the value of GBP – nonetheless it was impressive to see the relative resilience and increasing maturity of emerging markets during a month when US equities fell by more than 5% in dollar terms. Elsewhere, the spike in risk aversion prompted a strengthening of government bond markets, together with a modest widening of corporate bond spreads. Commodity prices were volatile but generally ended the month flat following a sharp sell-off in May.

BP bowed to pressure from President Obama and cancelled its dividend payments for 2010. This was a significant blow for the income yield on UK equities, although across Snowdonia Income the exposure to BP was less than 1% of the total fund.

Over the month Snowdonia Income delivered a total return of -0.81% compared with its benchmark return of -1.98%. The strongest contributors were UK fixed interest funds led by L&G All Stocks Gilt Index, which reflected the Gilt market return of 1.4% over the month. However, the underweight position in Gilts will have meant a negative contribution relative to the benchmark. The corporate bond funds had mixed returns: those with a greater exposure to banks suffered as markets fretted about potential contagion from the Greek bond crisis. Within Equities the fund's selection of cautiously invested UK income funds delivered returns ahead of the -4.6% achieved by FTSE All Share index, and the small company focussed Chelverton UK Equity Income actually delivered a positive 0.6% during June. Overseas assets suffered over the month as sterling rallied following the formation of the coalition Government and George Osborne's first Budget.

Looking ahead, the economic landscape continues to evolve, but disappointingly the tone has become more negative – incoming data from leading indicators, particularly in the US, suggest that the stimulus-induced recovery is fading. Price action in both equities and credit spreads is also giving us cause for concern and we are actively reviewing both our asset allocation posture and our chosen managers.

Fund Information

Annual Management Charge	1.50%
Initial Charge	5.27%
Accounting Dates	31 Dec, 31 Mar, 30 Jun, 30 Sept
Payment Dates	28 Feb, 31 May, 31 Aug, 30 Nov
Valuation Point	12 noon, daily
Sedol	Acc: B02YR08, Inc: B02YQY5
Published Price	www.thesnowdoniafund.co.uk The Financial Times
Share Class	Accumulation & Income
Min. Investment	£3,000
ISA eligible	Yes, stocks & shares

Investment Team

I Sanlam Fund Solutions I

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I Iain Scotland, Senior Investment Manager I

Iain has 17 years' fund management experience in both direct equities and in constructing portfolios of funds. Since 2004, he has been working with us on building tailored portfolios of funds for a wide range of private clients. Prior to that, he was Head of UK Smaller Companies at Insight Investment (formerly Clerical Medical), where he was responsible for some £600m in assets under management. Iain also worked at Gartmore Investment Management for five years as a smaller companies fund manager.

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