

Fund Performance to 1st January 2010

Share Class	Start Date	NAV	1 Month	3 Months	6 Months	9 Months	12 Months	Since Launch	Sharpe Ratio	Standard Deviation
USD Institutional	30/06/2004	159.004	0.77%	2.31%	4.46%	6.57%	8.72%	59.00%	4.59	0.0053
EUR Institutional	31/07/2005	139.649	0.77%	2.31%	4.48%	6.62%	8.80%	39.65%	4.97	0.0043
GBP Institutional	31/07/2005	145.055	0.77%	2.31%	4.50%	6.65%	8.85%	45.05%	7.98	0.0030
JPY Institutional	15/09/2009	10,230.750	0.77%	2.31%	-	-	9.23%	2.31%	457.98	0.0001

*Where the share class has been operating for less than 12 months, the figure has been annualised

INSTITUTIONAL SHARE CLASSES

Investment Commentary

1st January 2010

Traded Policies Fund has now been running for five years, during which time it has continued to deliver upon investor expectations. The risk-averse approach remains highly popular as TLPs provide a non-correlated investment opportunity that in contrast to the prevailing market offers smooth, predictable investment returns.

The portfolio of policies in Traded Policies Fund is valued by an independent, third party actuarial firm on a monthly basis. The valuation process is highly sophisticated and its purpose is to equitably unwind the unrealised profit in each policy to its maturity date rather than just for the period of the original Life Expectancy opinion (LE).

Whilst the LE enables the manager to price the policy for acquisition purposes (by providing an estimated maturity date) it would be iniquitous to continue to use the LE or a fixed date beyond LE to value the portfolio as it would not account for those policies (generally 50%) that would run on beyond LE. The actuarial methodology deals with this by extending the LE by a fraction of a month at each valuation thus moving the estimated maturity date further away and re-calculating the future premium liability to ensure that the profits in the policy are never totally unwound before a maturity occurs.

The basis for the extension of each LE is calculated using the population mortality data provided by VBT 2008 and the actuary then makes a further adjustment for improved mortality as VBT is only published every seven years during which time we would naturally expect people to continue to live longer. This process effectively means that the portfolio is ultimately valued on its own claims experience.

Total Policy Value:	\$ 179,654,462
Average Policy Value:	\$ 727,346
Total Number of Policies:	247
Average Current Age:	80

Key Features

- No initial charges - 100% of your money invested on day one
- Available in Sterling, Euros and US Dollars
- Aims to provide steady capital growth
- 9% annual growth target net of all charges
- Not stock market related
- Regulated Mutual Fund
- A highly regulated and tax efficient territory
- Highly reputable and multi-disciplined investment house
- Financial Times listing
- Low annual management fee of 0.3%
- Specifically structured for institutional investors

Share Class	Sedol Number	ISIN Number	Bloomberg
EUR Institutional Share Class	B1J13H8	KYG899161296	TRPOFIE KY
GBP Institutional Share Class	B1J3D85	KYG899161031	TRPOFIG KY
USD Institutional Share Class	B1J3DC9	KYG899161114	TRPOFIU KY
JPY Institutional Share Class	B4KQPL1	KYG899162286	TRPOLYI KY

Financial strength of insurance company holdings

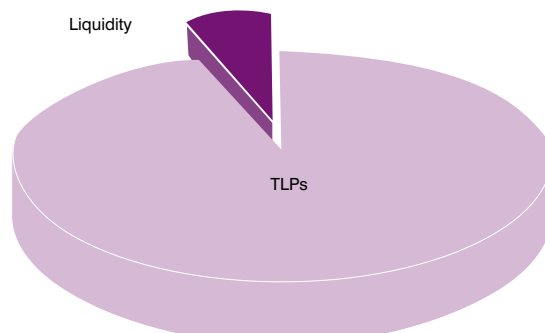
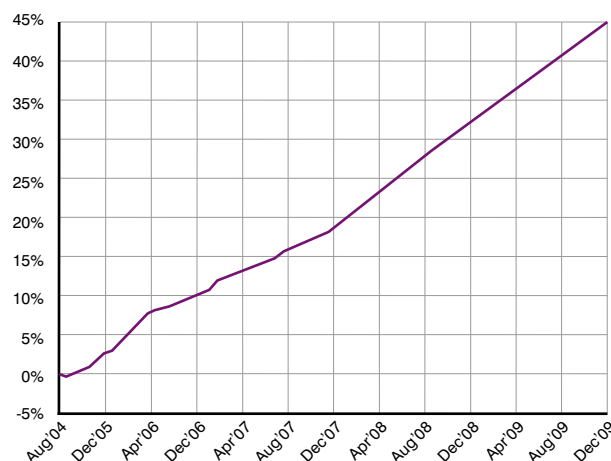
Institutional Classes - TLPs

AM Best Rating	Percentage holding
A++	6.2%
A+	59.8%
A	29.2%
A-	0.6%
Other	4.2%

Top 5 holdings in TLPs

Lincoln National Life	10.2%
American General Life	7.5%
John Hancock	5.6%
Axa Equitable	5.0%
Columbus Life	5.0%

GBP Institutional Class Performance Graph



The manager targets fund liquidity to be in the range of 3-5% of net assets

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