

# WHITECHURCH SECURITIES



## Absolute Return Strategy Quarterly Factsheet - Q2 2010

### Key Objectives

The strategy aim is to achieve consistent long-term total returns, through investing in a range of investment strategies that have potential to generate positive returns irrespective of market conditions. The portfolio will aim to operate with a lower risk than more traditional approaches to portfolio management, which tend to be largely dependent on the performance of equity markets.

### Whitechurch Risk Rating

This strategy has a Whitechurch risk rating of 4 out of 10. This means we believe it is suitable for a relatively cautious investor who is keen to keep some degree of security of capital but accepts that the investment is exposed to a degree of risk with the aim of a higher potential long-term return. Some loss of capital is possible over some periods.

### Investment Manager's Comment

During the first quarter of 2010 the strategy provided a flat return with mixed performance from the underlying holdings. Whilst a number of funds have continued to provide attractive returns, a number of the equity-based funds dragged down performance as they shifted to a defensive footing during a period when cyclical stocks have made short-term gains on the back of relief momentum. Our top-down view continues to hold that many of these cyclical stocks are overvalued and that UK equity exposure should favour defensive areas. The strategic corporate bond holding continued to provide attractive returns over the quarter, though this position has been a tactical one, and we expect to move this portfolio out of this asset class when the timing is appropriate. The multi-asset holdings, particularly the Standard Life holding, were strong positive contributors over the period.

The one major disappointment in the portfolio was the SVM Absolute Return Alpha which was showing a loss prior to its sale towards the end of this period. Following a meeting with the manager, we did not have sufficient confidence in the fund's ability to outperform and justify this apparent volatility and weak performance. Proceeds from this fund sale will shortly be moved into the recently launched Jupiter Absolute Return fund, run by Phil Gibbs who we have invested with for over a decade and has a very good track record.

### Key Facts

at 1 April 2010

### Launch Date

10 March 2009

### Strategy Aim

To produce consistent long-term total returns using below average risk investments

### Minimum Investment

Direct Portfolio - £10,000

ISA - £3,000 (including transfers)

### Initial Fee\*

Up to 5% of amount invested

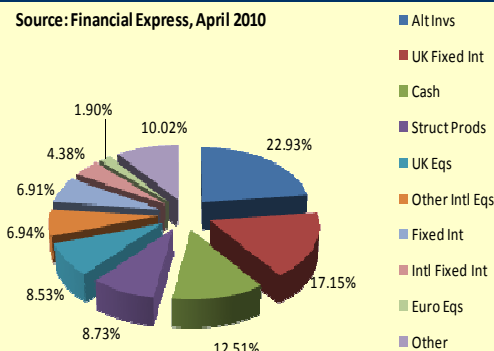
### Annual Fee\*

1.5% of the portfolio value (+VAT)

### Income

No income is distributed

Source: Financial Express, April 2010



### Current Holdings

Cazenove UK Absolute Target  
Gartmore European Absolute Return  
M&G Strategic Corporate Bond  
Newton Real Return  
Odey UK Absolute Return  
Standard Life Global Absolute Return  
Threadneedle UK Absolute Return

Performance %	Launch 10/03/09	1yr to 31/03/10	1yr to 31/03/09	1yr to 31/03/08	1yr to 31/03/07	1yr to 31/03/06
<b>Absolute Return</b>	<b>10.7</b>	<b>9.9</b>	-	-	-	-
<b>IMA Absolute Return</b>	<b>11.9</b>	<b>11.2</b>	-	-	-	-

Figures provide a guide to past performance and are based on the first portfolio invested into the strategy. All performance figures are calculated on a bid-to-bid basis not including initial charge and are based on capital return and income generated. Source: Whitechurch Securities & Lipper Hindsight.

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