COURTIERS

Investment Process

Courtiers Multi-Asset Funds

Overview

The objective of the Courtiers Total Return Fund range is to provide risk adjusted returns for investors. The funds are primarily focused on producing long-term growth. There are three funds with different risk profiles to appeal to investors of varying risk appetites. Each fund is managed using the same investment process with the risk taken and equity exposure being the main differences between them.

The Courtiers Total Return Cautious Risk Fund may invest up to 60% in equities and is defined as Below Average risk. It will always invest more than 35% in equities.

The Courtiers Total Return Balanced Risk Fund may invest up to 85% in equities and is defined as Average risk. It will always invest more than 60% in equities.

The Courtiers Total Return Growth Fund has a flexible mandate with regard its exposure to equities. It is defined as Above Average risk. It typically invests more than 85% in equities.

The differing risk mandates will lead to slightly different portfolio positioning and investment selection.

Fund Objectives

All Courtiers Total Return Funds seek to achieve a total return comprised of income and capital growth, over 5 years. The objectives are detailed fully in the prospectus.

All three funds are managed with due regard to risk. The Sharpe ratio (return per unit of risk) is closely monitored and each fund looks to deliver an above average risk adjusted return versus its respective Investment Association (IA) peer group over the longer term (5 years and longer).

Investment Association (IA) Sectors

The Courtiers Funds belong to IA sectors which may be used as comparators for fund performance.

Fund Name	IA Sector	Fund Launch Date
Courtiers Total Return Cautious Risk Fund	Mixed Asset 20-60% Shares	1st March 2007
Courtiers Total Return Balanced Risk Fund	Mixed Asset 40-85% Shares	1st March 2007
Courtiers Total Return Growth Fund	Flexible Investment	1st March 2007

Risk

The team is mindful of the risk parameters applicable.

Courtiers uses beta as a proxy for equity and bond market risk. Beta is a measure of the volatility of a security or a portfolio compared to the market as a whole. Courtiers assumes that the market has a beta of 1.0 and assesses the beta of portfolios against this. From these betas, Courtiers derives risk limits for the Total Return Funds. The beta of the equity market, measured by the MSCI World TR LC index, is assumed to be 1.0. The beta of the fixed interest element of the risk limit, measured by the Markit iBoxx Sterling Non Gilts Overall TR index, is assumed to be 0.5.

For the Courtiers Total Return Cautious Risk Fund, the maximum equity exposure is capped at 60% but the beta ceiling (upper limit) is 0.75. The beta ceiling is derived from a theoretical exposure of 50% of equity market beta and 50% of bond market beta, recognising that holding the maximum equity content within the relevant IA sector would likely carry too much risk when combined with corporate bonds, which are not risk free.

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The Courtiers Total Return Balanced Risk Fund beta limit assumes equity exposure of 85% and bond exposure of 15%, in line with the equity limits defined by the IA sector. The equity market beta is derived from developed world equities so in order to include higher beta equities (smaller companies, emerging market equities) the total equity exposure must be lowered below the maximum of 85%.

The beta limit for the Courtiers Total Return Growth Fund is established at 1.25. This is derived from historic monthly rolling standard deviations of equity market indices and assumes an above average risk investor will want to diversify away from holding only developed market equities. There is no upper limit for equity exposure noted in the prospectus, though the beta limit is always applicable.

Beta limits are set and the betas and equity levels of the Courtiers funds are monitored with reference to the absolute limits shown below:

Fund Name	Equity Minimum	Equity Maximum	Beta Limit
Courtiers Total Return Cautious Risk Fund	35%	60%	0.75
Courtiers Total Return Balanced Risk Fund	60%	85%	0.925
Courtiers Total Return Growth Fund	85%	No limit	1.25

The funds are managed with due regard to the risk parameters. Risk is calculated using standard deviations of returns over a minimum period of 36 months. Courtiers calculates the betas of the Total Return Funds using the standard deviation of the returns of the current holdings over 36 months divided by the 36 month standard deviation of the MSCI World TR LC index (representing the equity market). The standard deviation calculation considers the correlation of the returns of the assets held and ensures that the diversification of current holdings is taken into account.

A warning system is in place to ensure that each Courtiers Fund’s risk remains below the risk limit appropriate to the fund. Where the risk level is exceeded this is immediately corrected. There is a warning system when the portfolio beta reaches within 5% of the limit and this requires a formal explanatory report to the Investment Risk and Oversight Committee. The warning system also flags when too little risk is taken, requiring another formal report.

There are no performance benchmarks but the appropriate IA peer group could be used as a comparison as it is indicative of peer group performance.

Charges

Multi-asset funds can be subject to higher charges than single asset class funds, as the fees of any underlying fund managers have to be included in addition to the fees of the multi-asset fund itself.

Fund performance is always quoted net of the ongoing charges. The latest charges are detailed on the Key Investor Information Document and on the most recent factsheet.

Performance

Returns to the most recent month end are available on the most recent factsheet.

Investment Team

Gary Reynolds is the Chief Investment Officer and has co-manager responsibility for the Courtiers Total Return Funds. He has co-managed the funds since launch. He is responsible for the macro-economic views and analysis. He is a CFA charterholder.

Caroline Shaw CFA is Head of Asset Management and has co-manager responsibility for the Courtiers Total Return Funds. She has co-managed the funds since launch. She is responsible for the day-to-day management of the team and the research function. She is a CFA charterholder.

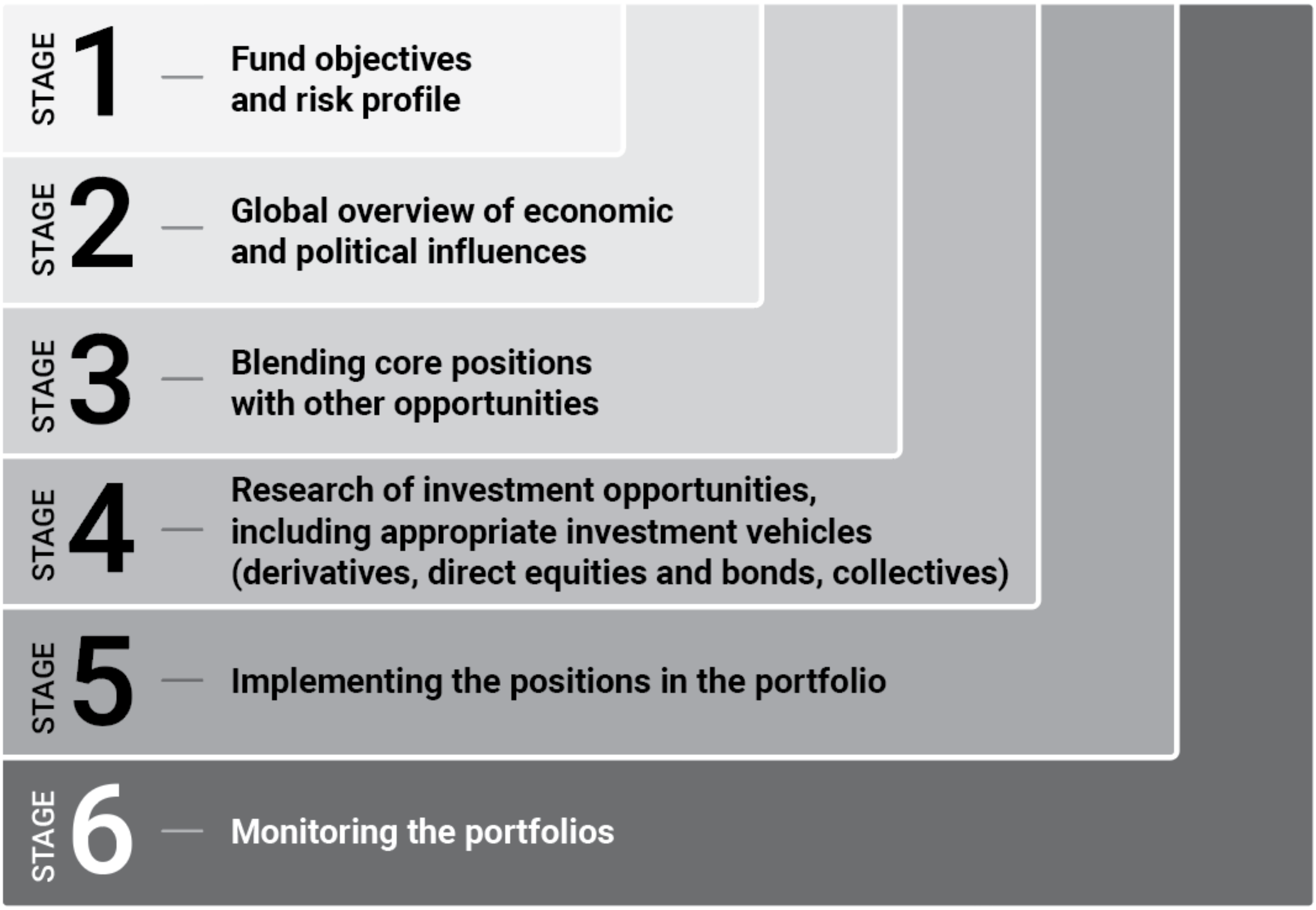
The rest of the team comprises analysts who are CFA charterholders or candidates for CFA examinations.

The team meets monthly to formally discuss the asset allocation within the funds. Informal meetings are held more often on an ad-hoc basis so the team can act swiftly, if necessary, as markets move.

The Fund Management Process

The funds adopt a team-based approach to investment decision-making. All team members have analyst responsibilities.

The process is split into six different stages:



There is a value approach across the investment decision-making process. This starts with considering fundamental ratios across all major global markets to assist with core equity index allocation decisions. For direct equities, this means looking for companies meeting value criteria whereas for other collective funds, this might be more about discounts to net asset value or focusing in particular regions or sectors that are under-valued.

There are no targets or limits with respect to asset classes (other than the equity limits noted) or sectors or geographies. The fund is subject to the regulatory limits applicable.

The team uses its own internal quantitative analysis combined with external tools where appropriate.

All direct equities are selected using Courtiers' proprietary quantitative equity selection model (QESM) which screens the starting universe for companies with value characteristics such as robust earnings, strong cash flow and dividend yield. It also looks for quality factors including interest coverage, earnings volatility and profitability. An analyst screen then verifies the data and checks for factors such as recent news flow, corporate governance, financial strength, liquidity.

Qualitative screens are used for collectives and, where these are used, the team meet with management at least once per year. Third party managed assets are typically used when the team cannot access that particular market directly due to lack of access or size constraints. A good example would be infrastructure or real estate. The rationale for the selection of a third party investment is formally documented and reviewed.

Listed index derivatives are used both for accessing asset returns efficiently and hedging. Where market volatility is attractively low, options may be used for protection or for taking long positions in equity markets. Futures contracts are also used to easily implement long or short positions in global equity indices.