

Elite Fitzwilliam Balanced Income Fund

January 2010

Fund manager
Stuart Clark

Authorised Corporate Director
WAY Fund Managers Limited

Investment Adviser
Fitzwilliam Asset Management Limited
T 020 7893 3588 F 020 7487 3686

Administrator and Registrar
BNY Mellon Asset Servicing

Depository
BNY Mellon Trustee Services London

2009 - A year in review

2009 was an incredible year as the follow through from the credit crisis led to the belief we were entering the "Great Depression 2" before light was seen at the end of the tunnel and a significant rally in risk assets occurred.

Before we delve into the drivers of returns for the year and outlook for 2010, I would like to recap on the rationale for the move into the IMA Cautious Managed sector: Since launch in December 2006 your Fund had been managed on a multi-asset basis to provide the potential for capital growth and a source of income for those that wished to receive it. In line with these objectives we were looking to outperform the UK Equity Income sector average as this is a bellwether investment for the private client community in the UK. However, in order to maintain the flexibility to invest in other asset classes the Fund sat in the Balanced Managed sector. This led to some confusion and difficulty in measuring relative performance for investors and the decision was taken, following some careful peer review analysis, that the Cautious Managed sector would allow us to continue targeting the initial objectives for our investors but give a more comparable peer group for performance measurement. It is worth noting that prior to the 18 March 2009 the Fund did not meet the criteria for sitting in the Cautious Managed sector and therefore we cannot show the performance in this period, instead as shown in the table below, we provide the original peer groups for your records.

% Growth TR GBP	3 Months	6 Months	1 Year	Since 18/03/09	Since 19/12/06
Elite Fitzwilliam Balanced Income	2.49%	15.45%	18.25%	26.29%	-11.16%
IMA Cautious Managed	1.90%	13.91%	#15.72%	22.58%	-
Quartile	2	2	2	2	-
IMA Balanced Managed	#2.53%	#18.39%	#19.86%	#28.96%	-1.38%
Annualised return	-	-	18.25%	-	-3.83%

Performance

Where 2008 was a difficult year for the Fund we are happy to report that we maintain the level of outperformance to the UK Equity Income sector and the Balanced Managed sector at the start of the year and against the Cautious Managed sector since the date of relocation. For the year as a whole the Fund returned 18.25% and whilst we feel that this level of absolute performance is unlikely to be replicated in 2010 we do feel the relative outperformance of the Cautious Managed sector is sustainable.

As a result of the large swings in sentiment towards the market activity in the Fund was higher than in previous years. Turnover, defined as the lower of sales or purchases divided by average net assets, was 37.5% compared to 19.5% in 2008. What was particularly pleasing about this years performance was the combination of

Fitzwilliam Asset Management Limited is authorised and regulated by the Financial Services Authority.

Issued and approved by Fitzwilliam Asset Management Limited, registered in England and Wales No 06236394.

The registered office is 55 Baker Street, London W1U 7EU.

valued added through fund selection and active asset allocation. Significant value was added by moving from cash and cash plus vehicles into investment grade credit funds from January through to the middle of May. In conjunction with having very capable managers in this area we felt the value available in the market more than outweighed any potential threat of default and we were happy adding risk to the portfolio through these holdings. New positions were entered to gain this exposure with Cazenove Strategic Bond and BlueBay Investment Grade Bond fund replacing the Morgan Stanley FX Alpha Plus holding and cash allocations. Following what we now know as the local trough in developed equity markets in March and the subsequent rally we took some risk off the table in May. This reflected a confluence of concern that the recovery looked too hard, too fast and the loss of faith in the manager of Martin Currie UK Equity Income. As we removed the position the monies were reinvested into the abovementioned investment grade credit holdings and a small top up to Veritas Global Income. The latter purchase increased our exposure to Asian growth without sacrificing the income receivable to the fund and the manager's absolute return mindset afforded us confidence that he would add relative value in any pullbacks through the summer months.

Again, with hindsight, we should have left the portfolio on maximum risk throughout the summer but the underlying managers helped out as they outperformed their respective benchmarks and this meant our early outperformance was preserved through this period. In August and October we undertook some contrarian calls firstly adding some Government bonds which had recently underperformed and then latterly increasing the Japanese equity exposure at the expense of UK equity. Finally, in October we switched from M&G Optimal Income into the L&G Dynamic Bond fund as we believe the manager will outperform and from the end of October until the end of the year we started building a position in BlueBay High Yield Bond fund at the expense of investment grade credit exposure. Whilst we still feel there is value in investment grade the extra yield available in the high yield sector combined with increased clarity on the default cycle is allowing us to build this position.

Looking forward

As we move into 2010 it is important that we do not get carried away with the recent positive performance as there are still considerable headwinds to this becoming a sustainable recovery. The largest of these will be decisions by governments and central banks with respect to the withdrawal of the aggressive policies that were utilised in 2009. As we move through the year like for like comparisons are going to become tougher and it will be more important for companies to build sales whilst maintaining margins in order to beat the current earnings expectations. As a result of this we feel there will be greater value added through stock selection rather than the big macro calls of 2009.

Having seen value funds underperform in 2009, particularly since March, we feel confident that there will be some reversion in this sector and that will benefit the Fund's underlying holdings. This combined with solid income generation from the credit portfolio will allow us to continue to meet our objectives of income and capital growth through a combination of asset classes.

Fund performance since March 2009



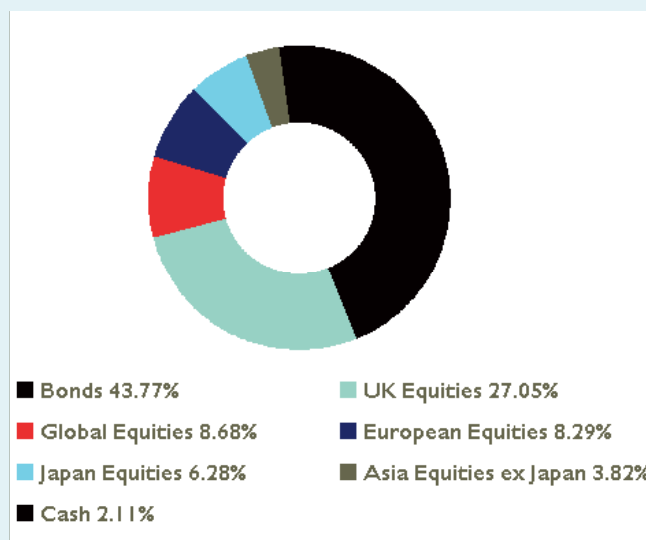
Fund performance since December 2006



Past performance should not be taken as an indication of future performance.

Top 10 holdings and portfolio breakdown as at 31 December 2009

Artemis Income	9.33%
Veritas Global Income	8.68%
Legal & General Dynamic Bond	7.27%
Cazenove Strategic Bond	7.00%
Standard Life UK Equity High Income	6.36%
GLG Japan CoreAlpha	6.28%
Invesco Perpetual Income	6.19%
BlueBay Investment Grade Bond	6.01%
Ignis Argonaut European Income	5.30%
Thames River Global Credit	5.23%



Source: Fitzwilliam Asset Management Limited

Discrete performance

% Growth TR GBP	IY 31/12/08 to 31/12/09	IY 31/12/07 to 31/12/08	IY 31/12/06 to 31/12/07	IY 31/12/05 to 31/12/06	IY 31/12/04 to 31/12/05
Elite Fitzwilliam Balanced Income	18.25%	-25.75%	1.39		

Cumulative performance

% Growth TR GBP	3 Months	6 Months	1 Year	Since 18 March 2009	Since 19 December 2006
Elite Fitzwilliam Balanced Income	2.49%	15.45%	18.25%	26.29%	-11.16%
IMA Cautious Managed	1.90%	13.91%	#15.72%	22.58%	-
Quartile	2	2	2	2	-
IMA Balanced Managed	#2.53%	#18.39%	#19.86%	#28.96%	-1.38%
Annualised return	-	-	18.25%	-	-3.83%

Source: Financial Express. The performance figures above have been calculated using data as at 31 December 2009 and are on a bid to bid basis (no initial charge) with net income reinvested. Past performance should not be taken as an indication of future performance.

Important information

*Net of fees, 12 month trailing yield. #These returns used as a reference only due to the Fund sitting in the IMA Cautious Managed sector from March 2009. The investments described are intended as long-term investments. Please remember that the value of investments and the income from them can fall as well as rise. Past performance should not be seen as an indication of future performance. A proportion of the Fund's assets may be held in foreign currencies and therefore may be affected by fluctuations in currency markets. If interest rates increase substantially when compared to inflation, this may affect the competitiveness of the Fund's fixed interest assets in comparison to alternative investments such as deposits. The Manager's views and opinions may change.

Please refer to the latest full prospectus, key features, annual and interim reports as appropriate for more information. Further information is also available from the contact details. You should seek independent financial advice before proceeding with any investment. This fact sheet is not an invitation to invest and is for information purposes only.

Copyright © January 2010 Fitzwilliam Asset Management Limited. All rights reserved.