

Elite Fitzwilliam Fund of Funds Range

Quarterly review March 2010

Fitzwilliam
ASSET MANAGEMENT

Performance review

The Elite Fitzwilliam Balanced Growth Fund unit price increased 6.33%. This compares to the IMA Balanced Managed sector 5.67%. As a result, the Fund ranks second quartile for the quarter.

The Elite Fitzwilliam Strategic Bond Fund unit price rose 4.94% compared to the sector average of 4.62%. As a result, the Fund ranks second quartile for the quarter.

Significant activity

Elite Fitzwilliam Balanced Growth Fund

During the period under review we made a few tactical shifts within the underlying funds exposure. Earlier in the period we reduced our holdings in Invesco Perpetual Income, BlackRock UK Dynamic, Artemis Income and GLG Japan CoreAlpha. The reciprocal deals were increases in Artemis UK Special Situations, GLG UK Select and HEXAM Global Emerging Markets. Through March we reduced risk within the portfolio through reductions in GLG UK Select, Neptune European Opportunities, Artemis UK Special Situations and BlackRock UK Dynamic.

Elite Fitzwilliam Strategic Bond Fund

During the quarter we added one new holding – Nordea Euro High Yield Bond Fund whilst continuing to build the position in Threadneedle High Yield Bond Fund. These purchases were funded by reductions in the Global Bond holdings. The remainder of the Newton International Bond Fund was sold whilst reductions were made in Templeton Global Total Return and Thames River Global Bond Fund.

Market review

The first quarter of 2010 continued the risk rally with developed equities outperforming emerging market equities (+4.8% versus 1.1%) despite heightened concern over the possibility of sovereign default. Fixed income markets also performed well with global high yield continuing to power ahead (+5.6%). Gilts were among the weakest bond sectors with a total return of just 1.3%.

In some respects the first quarter of 2010 reflected the final quarter of 2009. Fears of sovereign default came to a head as the Greek situation came to the forefront. The Greek government revealed that the budget deficit would equal an estimated 12.7% of GDP in 2009, resulting in the cost of 'insuring' Greek debt more than doubling since early November. Severe austerity measures put into action failed to calm markets, leading Greece to seek Eurozone assistance. After initial objections, both France and Germany agreed to back an IMF organised aid 'back-stop' for the debt stricken country.

Elsewhere in the world, the focus was on the normalisation of extreme policy. In the UK, the Bank of England paused the Asset Purchase Facility at £200bn. Despite the fact that this had acted as an important tool in stabilising bond markets, the market reaction was well measured. In the United States, the Federal Reserve increased the discount rate by 25bps to 75bps. These moves came on the back of positive GDP growth: the final revisions showed growth in the fourth quarter of 2009 at 0.4% for the UK against 5.6% (annualised) for the US.

But it was currency markets that were particularly volatile in the first quarter. The Euro came under pressure, falling 5.6% versus the dollar, as some commentators feared a breakup of the Eurozone in reflection to the reluctant support given to Greece. Countries with poor fiscal situations were put under scrutiny: the UK with a budget deficit for 2010 projected to be -12.3%, was one of those. Sterling was hit particularly badly, falling 6% versus the dollar and reaching a low of \$1.4783 during March. Continuing fears over the upcoming general election added to the fire a hung parliament seemed the most likely outcome.

In emerging markets, Sino-American relations were also tense as 130 American lawmakers wrote to the US Treasury to urge tougher measures against China, indicating they believed the Yuan was undervalued and a currency manipulator. The Yuan has been kept at \$6.83 since July 2008. The Chinese response was vocal, with central bank governor Zhou Xiaochuan and Premier Wen Jiabao (to name a few) rejecting calls for appreciation.

Commodity markets were particularly volatile over the quarter. Fundamental factors weighed heavily on grains as USDA reports in January pointed to record crop production, leading to a 13% decline over January and a 16% decline over the quarter. Chinese tightening throughout January hurt industrial metals, but as more optimistic economic data throughout the second half of the quarter, the sector ended 6% higher. Energy markets as a whole fell 8.3% mainly due to natural gas, which was driven lower by abundant supply. Crude range traded over most of the quarter but was lifted by positive economic data to end with a 3.5% gain. Precious metals were also positive on the month although much of the gain was due to platinum, which was helped by the launch of physical platinum and palladium ETFs in January. These funds saw strong interest, with the flows taking out 4.7% and 6.5% of global supply for these metals in just two months.

Fund commentary

As equity markets started the year with renewed optimism that the worst was behind us and a sustainable recovery was underway we took the opportunity to top slice into the strength with reductions in two of our UK equity holdings. At the time we saw this as the start of a gradual trimming process but the initial tightening in China and comments from President Obama about potential restrictions on future banking activities meant the market was down before we could take further action. At the beginning of February Greece took centre stage. Whilst we fully understood the seriousness of the issue with the budget deficit, the sell off in other risky assets seemed overdone and we took this as an opportunity to rotate some of the portfolio from defensive equity names, such as Invesco Perpetual and Artemis Income, into more aggressive names including GLG UK Select and HEXAM Global Emerging Markets. Again this proved a timely move as markets resumed their rally shortly afterwards in spite of continued concerns in Greece and the risk of contagion to other overstretched European nations. As March progressed equities proved to be the asset class of choice posting strong positive returns. In the UK Alistair Darling produced one of the more politically driven budgets of recent times with little substance and this combined with the risk of a hung parliament in the upcoming election led to a sharp fall in sterling. As the month was drawing to a close we took the outperformance of UK equity as an opportunity to reduce our exposure to our home market.

Performance of the Elite Fitzwilliam Balanced Growth Fund was good in this period. The Fund returned +6.33% versus +5.67% for the IMA Balanced Managed peer group and placed us in the second quartile. Over the trailing twelve months the Fund returned +36.96% versus +35.73% and this also places the Fund in the second quartile. Whilst there is still further work to be done on rebuilding the long term performance we believe that the recent ability to add value in both positive and negative months will go some way to reassuring investors that we will be successful in this endeavour.

Notable contributors

GLG Japan CoreAlpha – Steve Harker and team continue to consistently add value for investors. Strong positive returns in each month in sterling terms and outperformance of the Japanese markets each month make him top contributor for the period.

Eaton Vance US Value – The fund performed in line with the S&P 500 in the quarter and is now ahead of the broad index over one year as well. Against the Russell 1000 Value there was a slight lag but this reflects poor stock selection in Consumer Discretionary and Industrial sectors.

Notable detractors

Real Return Asia – From a pure attribution basis the Real Return Asian fund acted as a drag on performance owing to the pricing cycle for this fund. However we are comfortable with the manager and the exposure to this product and feel with valuations at current levels the long/short nature of the product should provide strong relative returns.

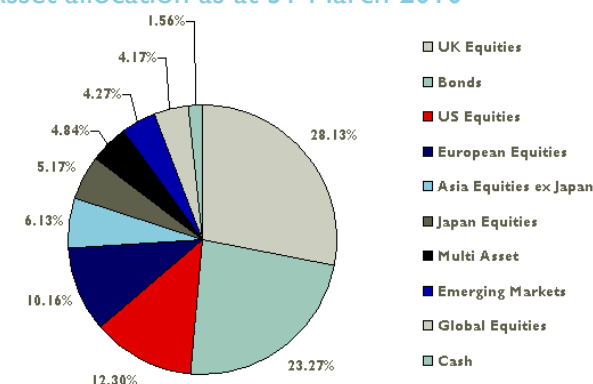
M&G European Loan – This holding continues to recover from the credit crunch. A further income payment was received at the end of the period and we remain happy with the proactive nature of management within the M&G team.

Top 10 holdings as at 31 March 2010

Martin Currie North American	6.18%
Real Return Asian	6.13%
Eaton Vance Emerald US Value	6.12%
BlueBay High Yield Bond	5.49%
Neptune European Opportunities	5.21%
GLG Japan CoreAlpha	5.17%
Artemis Income	5.12%
Artemis UK Special Situations	5.12%
Montanaro European Smaller Companies	4.95%
Legal & General Dynamic Bond	4.91%

Source: Fitzwilliam Asset Management Limited.

Asset allocation as at 31 March 2010



Source: Fitzwilliam Asset Management Limited.

Performance as at 31 March 2010

Quarterly fund performance

% Growth TR GBP	Q1 10	Q4 09	Q3 09	Q2 09
Elite Fitzwilliam Balanced Growth	6.33%	2.45%	13.38%	10.90%
Quartile	2	3	4	1
IMA Balanced Managed	5.67%	2.70%	15.47%	8.32%

Cumulative performance

	6 Months	1 Year	3 Years	5 Years	Since 05.07.95
Elite Fitzwilliam Balanced Growth	8.93%	36.96%	-7.61%	26.25%	153.76%
IMA Balanced Managed	8.52%	35.73%	1.83%	33.69%	129.92%
Quartile	2	2	4	4	2
Annualised return		36.96%	-2.60%	4.77%	6.52%

Discrete performance

% Growth TR GBP	1Y 31/03/09-31/03/10	1Y 31/03/08-31/03/09	1Y 31/03/07-31/03/08	1Y 31/03/06-31/03/07	1Y 31/03/05-31/03/06
Elite Fitzwilliam Balanced Growth	36.96%	-26.57%	-8.13%	7.08%	27.61%

Source: Financial Express. Calculations are based on a bid to bid basis with net income reinvested to 31 March 2010.

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

Fund commentary

As the Fund entered the new year investment grade credit markets produced strong gains in the first half of January before trading down to the end of the month whilst government bonds eked out positive returns throughout the period. The increase in government bonds, particularly gilts, reflected a flight to safety rather than positive economic newsflow as the Greek saga continued unfolding. However, we took the opportunity to sell the final holding in Newton International Bond at the end of the month. As Greece continued to dominate headlines in February we were very pleased to see the diversification of the portfolio kick in with emerging market debt holdings driving positive performance in the first half of the month. For the month as a whole the sector was slightly down and we added significant value for investors being up 0.90%. As March progressed equities proved to be the asset class of choice posting strong positive returns. In the UK Alistair Darling produced one of the more politically driven budgets of recent times with little substance and this combined with the risk of a hung parliament in the upcoming election led to a sharp fall in sterling. The Euro had suffered at the hands of the Greeks this month also, dropping 0.51% against the US Dollar. Returns for the Fund were driven by high yield exposure and during the month we added a new holding in this sector. Nordea Euro High Yield Bond Fund was identified through a search in January and February, with the proceeds from the Newton sale highlighted above being reinvested mid-March. We intend to further build our exposure to this area as the extra spread over Investment Grade will protect against future rate increases and allow more scope for spread tightening.

Performance of the Elite Fitzwilliam Strategic Bond Fund was good in this period. The Fund returned +4.94% versus +4.62% for the IMA £ Strategic Bond peer group and placed us in the second quartile.

Important information

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 and investors may not get back the amount originally invested. A proportion of the Funds' assets may be held in foreign currencies and therefore may be affected by fluctuations in exchange rates. If interest rates increase substantially when compared to inflation, this may effect the competitiveness of the Funds' fixed interest assets in comparison to alternative investments such as cash deposits. This document is provided for information purposes only. The opinions are that of Fitzwilliam Asset Management Limited and should not be interpreted as investment advice.

Notable contributors

Franklin Templeton Global Total Return – Significant long USD exposure combined with a short position in Euro alongside the long emerging market debt exposure drive strong gains for the fund in this period.

ECM Danube – The fund continued to recover value from the credit crisis. So much so that at the end of the period we top-sliced the exposure to reduce the risk weight within the portfolio.

L&G Dynamic Bond – The active management of Richard Hodges continues to add value. With the ensuing Greek crisis he increased hedging and cash within the fund in February posting a small positive gain in a negative month. Subsequently adding more risk into the fund allowed participation in the March rally.

Notable detractors

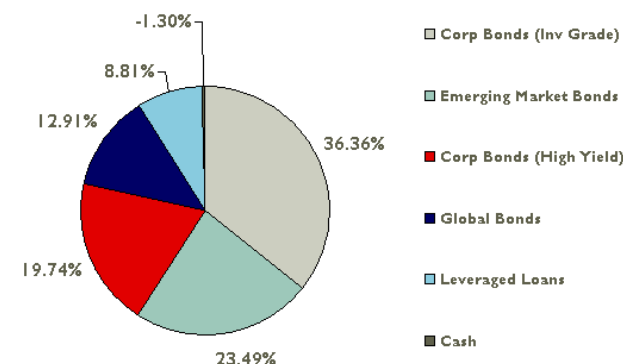
Owing to the volatility of performance between sectors in this period we feel there were no notable detractors from returns this period as the volatility was suitably dampened through the portfolio construction.

Top 10 holdings as at 31 March 2010

M&G European Loan	8.81%
Legal & General Dynamic Bond	8.22%
Thames River Sterling Global Bond	6.64%
European Credit Fund - Danube	6.49%
Threadneedle High Yield Bond	6.39%
Templeton Global Total Return	6.27%
AEGON High Yield Bond	6.03%
BlueBay Investment Grade Bond	5.72%
M&G Optimal Income	5.55%
Thames River Global Credit	5.37%

Source: Fitzwilliam Asset Management Limited.

Asset allocation as at 31 March 2010



Source: Fitzwilliam Asset Management Limited.

Performance as at 31 March 2010

Quarterly fund performance				
% Growth TR GBP	Q1 10	Q4 09	Q3 09	Q2 09
Elite Fitzwilliam Strategic Bond	4.94%	2.78%	9.70%	9.51%
Quartile	2	2	3	3
IMA £ Strategic Bond	4.62%	2.12%	11.35%	11.36%

Cumulative performance					
	6 Months	1 Year	3 Years	5 Years	Since 19.12.06
Elite Fitzwilliam Strategic Bond	7.86%	29.58%	7.77%		8.91%
IMA £ Strategic Bond	6.83%	32.51%	9.37%		9.37%
Quartile	2	3	3		2
Annualised return		29.58%	2.53%		2.64%

Discrete performance					
% Growth TR GBP	1Y 31/03/09-31/03/10	1Y 31/03/08-31/03/09	1Y 31/03/07-31/03/08	1Y 31/03/06-31/03/07	1Y 31/03/05-31/03/06
Elite Fitzwilliam Strategic Bond	29.58%	-15.15%	-1.98%		

Source: Financial Express. Calculations are based on a bid to bid basis with net income reinvested to 31 March 2010.

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