

## Balanced Portfolio

This portfolio will appeal to investors who require a balance between income and capital appreciation within a moderate risk mandate. The portfolio will be predominantly invested in equity based funds and may also include those investing in fixed-interest and other assets. Performance will be measured against the FTSE APCIMS Balanced Portfolio.

### Manager's Comment

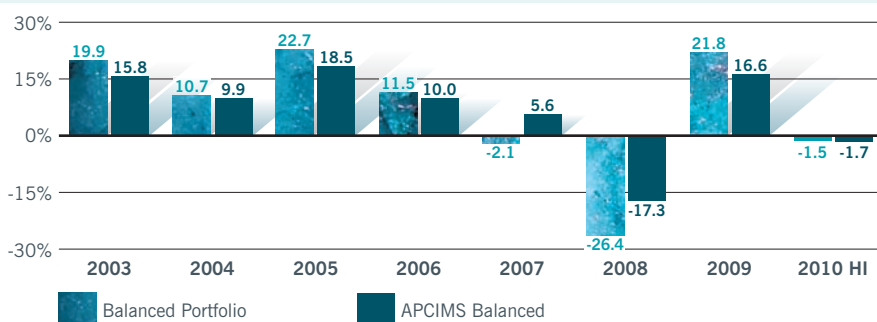
Equity Markets reached their post-crisis peaks towards the end of April but have since suffered a sharp correction, falling by around 12%. The genesis of the problem has been Continental Europe and the debt markets in countries such as Greece, Italy, Portugal and Spain. A race to cut back fiscal expenditure across Europe together with a support plan has been initiated but the consequences are a negative for growth and the future of the Euro.

The U.K. has also had a lot to digest with the new coalition Government and various austerity plans but thus far the markets have been broadly supportive of these measures. At a stock level, the BP and failed Prudential rights issue have undermined sentiment though.

The correction in the markets acknowledges that economic and corporate profit recovery is likely to be muted but trends within the U.S. and China are likely to be key for the remainder of the year and beyond. With this backdrop risk averse Gilt prices have been well supported, the FT All Stocks benchmark appreciating by 4.5% over the 2nd quarter. Consequently the yield has been pushed down to around 3.3% and at these sort of levels our conviction is elsewhere – many 'blue-chip' companies now sit on a P/E ratio of less than 10x with a yield of c. 5% which is not overly challenging. As ever we remain well diversified, hopeful that progress and competitive returns can be made in these testing times.

At a fund level we have introduced an industry stalwart to the portfolio, namely M&G Recovery to add a little more 'capital growth' potential.

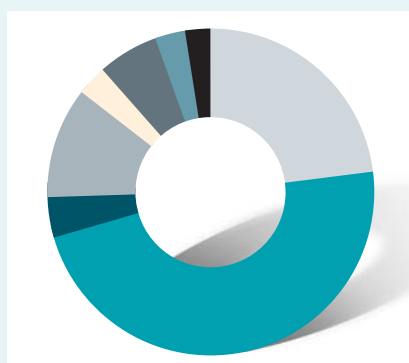
### Performance Figures up to 30/06/2010



The MPS figures are the average return from all the portfolios in this model on a total return basis, after all charges. The benchmark figures are supplied by Exshare and are on a total return basis.

Please remember that past performance is not a reliable guide to the future and that previous periods of favourable performance will not necessarily be repeated in the future.

### Sector Breakdown



Fixed Interest	23.0%
U.K.	47.5%
Europe	4.0%
U.S.	11.0%
Japan	3.0%
Far East	6.0%
Property	3.0%
Cash	2.5%

Source: Rensburg Sheppards Investment Management June 2010

### Portfolio Holdings

Artemis Income Fund  
 Cazenove European  
 Edinburgh US Tracker  
 Fidelity Strategic Bond  
 INVESCO Perpetual Income Fund  
 Legg Mason Global Multi-Strategy Bond  
 M&G Recovery  
 M&G Strategic Bond

Neptune Income Fund  
 Polar Capital (Ire) Japan  
 Psigma Income  
 Schroder Oriental Income Investment Trust  
 Schroder UK Alpha Plus Fund  
 SWIP UK Property  
 Threadneedle American Select Fund

**Estimated Net Yield 3.2%**

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**Group Offices**

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 Leeds Liverpool London Manchester Reigate Sheffield

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 Authorised and regulated by the Financial Services Authority.  
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**Artemis Income Fund**

Adrian Frost has an excellent long term track record and his actively managed fund aims to achieve a rising income combined with capital growth from a portfolio of predominantly UK Investments. There are no restrictions on the choice of investments in respect of company size, industry or geographical split of the portfolio.

**Cazenove European**

This fund is run by Chris Rice and he has developed a successful track record with his 'business cycle' approach to investing.

**Edinburgh US Tracker**

This is a Closed-end fund designed to mirror the performance of the S&P Composite.

**Fidelity Strategic Bond**

This fund is a 'Best Ideas' UK Fixed Interest product from Fidelity. It can hold everything from gilts to higher yield securities.

**INVESCO Perpetual Income Fund**

The portfolio is concentrated in out of favour stocks, particularly medium sized companies, and has produced excellent capital growth as well as a consistently high level of dividend income. Neil Woodford does not obey the index, but he is an outstanding manager who merits continued support.

**Legg Mason Global Multi-Strategy Bond**

This fund, as the name would suggest, is an international multi-strategy bond fund aiming to deliver a high level of income, typically greater than that generated by traditional government bonds.

**M&G Recovery**

Tom Dobell is an industry stalwart and only underperformed in one calendar year between 2000 – 2009. As the name suggests, he prefers out of favour businesses 'in need of help'.

**M&G Strategic Bond**

This fund is effectively a best ideas fund run by Richard Woolnough who is backed by a large and robust team. The major component will be investment grade corporate bonds.

**Neptune Income Fund**

The fund managers aim to deliver a higher income than the UK Equity Income sector and to produce a better total return than the FTSE High Yield Index, through a portfolio of predominantly UK FTSE100 and Mid 250 stocks.

**Polar Capital (Ire) Japan**

Lead manager, James Salter, has built a solid record in managing Japanese equity portfolios. His stock picking style aims to achieve long term capital growth from investment in Japanese quoted securities.

**Psigma Income**

This fund is managed by the hugely experienced Bill Mott (formerly with Credit Suisse). The focus is on income production with some capital growth.

**Schroder Oriental Income Investment Trust**

This fund aims to deliver a target yield of 4% – 6% from a focused portfolio of around 40 companies from across the Asia Pacific regions and may include Australia, India, Hong Kong and Japan.

**Schroder UK Alpha Plus Fund**

This fund aims to provide capital growth through investing in a focused portfolio of between 20 and 30 UK companies with an objective of achieving an absolute (not relative) return.

**SWIP UK Property**

This fund is an open-end unit trust aiming to take advantage of opportunities in the (direct) commercial property market eg. offices, warehouses, retail shops etc.

**Threadneedle American Select Fund**

This fund aims to deliver above average capital growth from a portfolio of companies domiciled in North America or which have significant North American operations. The fund manager has the flexibility to include smaller and emerging growth companies, those with potential for merger or takeover, recovery and exploration companies within the portfolio.

**Risk Warning**

You should remember that the value of investments and the income from them can fall as well as rise. Before proceeding to invest on the basis of this factsheet, you should obtain specific advice on the suitability of the investment in the light of your personal circumstances. We would also refer you, particularly, to the Risk Statement set out in the main Master Portfolio Service brochure.