

31 March 2013

Fund Review



MONEY MARKET FUND: GBP CLASS

OBJECTIVE

To seek as high an overall rate of return as is consistent with maintaining liquidity and security of principal.

INVESTMENT POLICY

To invest in a range of British Pound denominated money market instruments, the issuers of which will have first class credit ratings. Instruments will consist of cash equivalents and a range of debt securities.

INVESTMENT PROCESS

Seek out short-term high quality money market instruments that offer attractive spreads on a LIBOR basis.

FUND REVIEW

For a month filled with releases, March was quite uneventful. The UK budget and the associated forecasts revealed that the economy is in poor condition, which should not come as a shock to most observers. Notably, the gross debt-to-GDP ratio is set to peak in the 2015-2016 fiscal year at over 100%. Borrowing for 2012-2013 is set to come in around £121 billion once March's number is included. That is well above the £89 billion forecast as set by the Coalition government back in 2010 and highlights just how behind plan the UK economy really is. This type of data is what prompted Moody's to downgrade the UK's AAA rating in February. On a positive note, a Help-to-Buy scheme was launched that will last for 3 years. Building upon an earlier scheme directed at first time home buyers only, this scheme is much broader, includes fewer restrictions and is accessible by all home buyers. Also under review was the remit of the Monetary Policy Committee (MPC). The decision was to continue targeting 2% inflation but the new remit allowed for greater flexibility in reaching this target. The remit acknowledges that from time to time circumstances may lead to higher inflation temporarily and this is acceptable on a short-term basis when policy action could negatively affect price stability. Of course, inflation has consistently been above 3% in recent years which caused some cynicism as to whether the MPC was even trying to achieve the 2% target. Now the MPC can justify that higher inflation is within their remit as long as it's viewed as transitory.

During March, the average life moved even closer to neutral, falling from 44 days to 39 days. Treasury bill exposure also fell further, landing at 33% of holdings by the end of the month as Euro-commercial paper issued by sovereigns and solid banks rose to match that same percentage. Bond exposure was down only slightly to 11%, with the maturity of a fixed rate note, and our exposure to A-1+ securities, the highest rating assigned by S&P, was 80%.

GENERAL INFORMATION

Currency: GBP	Fiscal Year End: 30 June
Valuation: Daily	Min. Investment: GBP 10,000
Dealings: Daily	Total Expense Ratio: 0.32% Class A 0.25% Class B
Front End Fee: None	
Units Available: Accumulation	Size of Fund (millions): GBP 45
Identifier: BUTMMSI BH	NAV per share Class A (31.03.2013): GBP 20.2888

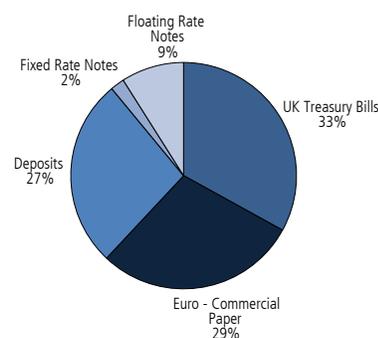
AVERAGE ANNUAL COMPOUND RETURNS

Class	1 Year	3 Years	5 Years	7 Years	10 Years
A	0.04%	0.11%	0.94%	2.09%	2.64%
B	0.14%	0.24%	1.06%	2.21%	2.75%

AVERAGE DURATION AND CREDIT RATING

Duration	39.0 days
Credit Rating	S&P AAAM
7 Day Yield (31.03.2013)	0.059% Class A 0.129% Class B

FUND ALLOCATION



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