



BLACK SWAN
FINANCIAL MANAGEMENT

MODERATELY ADVENTUROUS PORTFOLIO

Portfolio design & objective

This portfolio aims to achieve returns that are a significantly higher than those available from a high street deposit account, offering potentially strong real returns over the long term.

We expect that in order to achieve their longer term objectives, a client investing in this type of portfolio would hold capital protection as significantly less important than investment return and as a consequence would be unconcerned by capital values moving with market and economic conditions.

Asset diversification here is minimal, with predominant exposure to riskier assets relatively high levels of volatility can be expected, with a broad range of positive and negative monthly returns.

Performance Statistics

Cumulative returns	Current	Best	Worst
1 - month	-1.0%	9.8%	-6.6%
3 - month	-4.4%	14.8%	-6.2%
1 - year	19.5%	33.2%	18.3%
3 - year CAGR*	N/A		
CAGR* - since inception	14.6%		
Total return	27.0%		
3 - year return	N/A		
3 - year volatility**	N/A		
Number of positive months	61.9%		

Discrete performance	Return	Volatility
1 year to Jul-2010	19.5%	3.2%
1 year to Jul-2009	N/A	N/A
1 year to Jul-2008	N/A	N/A
1 year to Jul-2007	N/A	N/A
1 year to Jul-2006	N/A	N/A

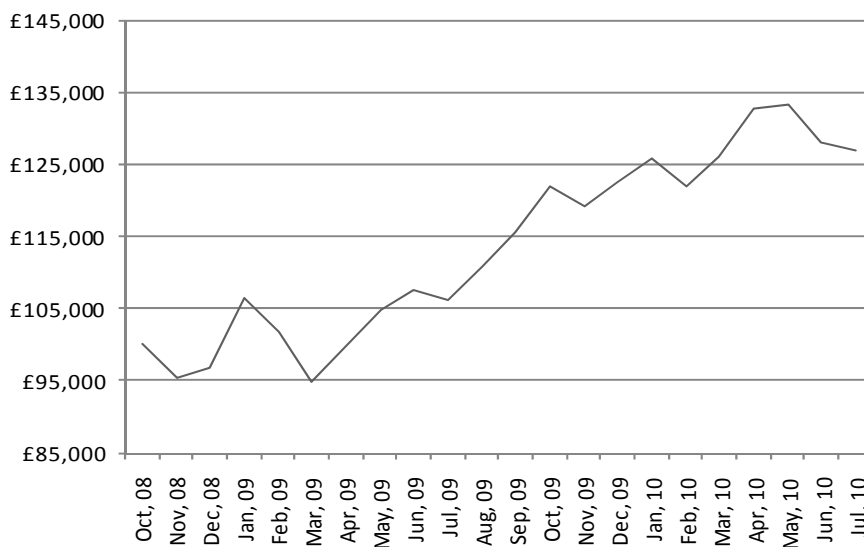
* Compound Annualised Growth Rate

** all volatility figures are annualised

Please note that prices of investments and the income from them can fall as well as rise and you may not get back the amount originally invested. Past performance is not a guide to future returns which may not be repeated; there can be no guarantee that the objectives of the portfolio will be achieved.

PERFORMANCE

This chart illustrates how an investment of £100,000 would have grown since October 2008. The returns are inclusive of all dealing charges and all costs associated with running an investment portfolio, including a 0.5% portfolio fee, but excluding the initial advice fee.



COMMENTARY

During June all portfolios declined in value; the Adventurous Portfolio fell by 2.5% and the Cautious Portfolio fell by 0.8%. This compares to a fall of 4.5% in the FTSE All Share Index and a rise of 1.5% in the FTSE All Stocks Index.

June was the third consecutive month of falling asset prices and consensus opinion is attributing this to poor economic news from China and America and market fears for a 'double dip' recession.

To us the market rally that began in March 2009 was always based on a bizarre premise – that because economies were in such dire straits, interest levels would be kept at near zero for the long term. This concept, that it is a positive that things are so bad that governments will be forced to continue to stimulate their economies, has always left us feeling uneasy. However should economic indicators continue to deteriorate we anticipate the reintroduction of quantitative easing and asset prices will invariably increase once again. As we speculated at the beginning of the year we believe 2010 is still a year for holding onto the gains made in the previous year.

Our strategy for managing money in such bizarre times continues to be that of employing high quality investment managers who do not subscribe to relative performance. We want our managers to invest because of their enthusiasm for an opportunity rather than a fear of being left behind and if this means holding high levels of cash because the opportunity doesn't exist then so be it. More than ever we look to investment managers who regard protecting capital as being just, if not more, important than making money.

Most of the managers we employ are tried and trusted and we have been investing our client's money with them for many years, although we are not changing this approach we have recently become aware of a relatively new investment which is being managed by an experienced and trusted pair of hands, we will look to introduce this asset to our more adventurous portfolios in the coming months.

The value of past performance

When creating investment portfolios Black Swan Financial Management will consider its clients investment requirements and the prevailing market conditions at the time of investment, as a consequence no two portfolios will be the same.

The reason we publicise example portfolio returns is to illustrate how we manage investment risk through diversification and to demonstrate our investment capability for the benefit of prospective clients.

Specific risks that may affect this portfolio

Investments may use derivative contracts to employ Efficient Portfolio Management (EPM) practices, avail the investment manager with investment flexibility and improve prospective returns. Derivative contracts have a cost and can have a positive or negative effect on performance. (EPM restricts the use of derivatives for the reduction of risk, cost or the generation of additional capital or income with no or acceptable low level of risk).

Investments held in overseas companies will fall and rise directly as a result of exchange rate fluctuations.

Fixed interest securities are particularly affected by trends in interest rates and inflation, this may affect the capital value of the portfolio.

Investments in smaller companies may be less liquid than larger companies and may have more volatile share prices.

High cash holdings will affect performance. If cash is held in a rising market, returns would be less than if the portfolio were fully invested.

Investments are likely to include exposure to emerging markets, which tend to be less well regulated and more volatile than established stock markets.

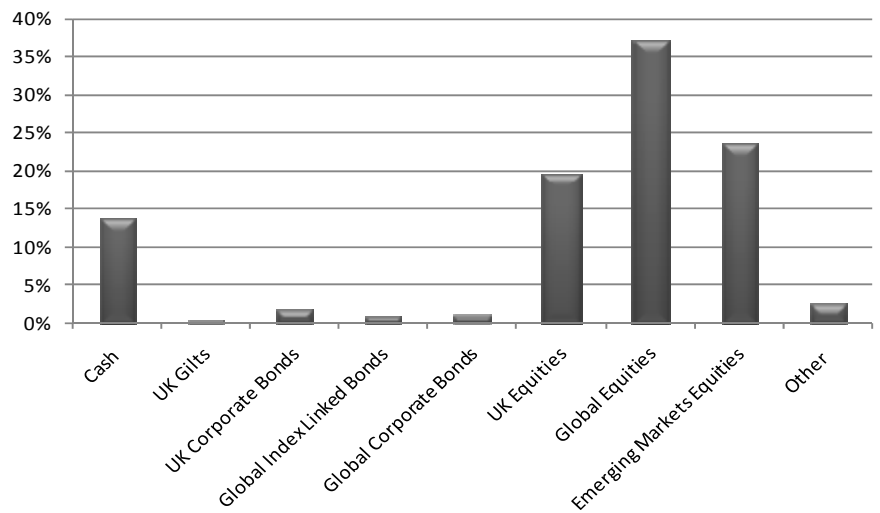
Investments in fixed interest securities with a low credit rating will carry more risk than investment grade fixed interest.

The price at which shares of investment trust companies trade on the stock market is to some extent affected by supply and demand. The price of shares will either be below (trading at a discount) or above (trading at a premium) the underlying asset value for the share – the trust's net asset value. The amount of premium or discount can fluctuate significantly.

Investment trust companies can borrow in order to gear investment return. Gearing can either significantly enhance or reduce returns.

ASSET ALLOCATION

The following chart displays the asset allocation of this typical moderately adventurous portfolio (as at January 2010); allocating investment capital across different assets is an important aspect of investment management as it dictates the type of returns that a portfolio will achieve. The asset split within a portfolio will vary on daily basis in accordance with the investment manager's views and as a result of investment returns.



PORTFOLIO ADJUSTMENTS

None this quarter.

IMPORTANT INFORMATION

This document has been issued by Black Swan Financial Management, which is authorised and regulated by the Financial Services Authority (466128). It has been prepared solely for information purposes and is not a solicitation or recommendation. The performance statistics are drawn from pension investments that offer tax efficient investment returns. Returns from investments held outside a similar tax shelter would be lower.

The information on which the document is based has been obtained from sources that we believe to be reliable and taken in good faith, but we have not independently verified such information and no representation or warranty, express or implied, is made to their accuracy. The investments within the portfolio were made during October 2008 and subsequent data is drawn on the close of business from the first of each month from 01 October 2008.

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