October 2011

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	-2.9%	9.8%	-6.6%
3 - month	-5.9%	14.8%	-6.2%
1 - year	0.5%	33.2%	0.5%
3 - year CAGR*	10.8%		
CAGR* - since inception	10.8%		
Total return	36.2%		
3 - year return	36.2%		
3 - year volatility**	12.3%		
Number of positive months	61.1%		

Discrete performance	Return	Volatility
1 year to Oct-2011	0.5%	2.2%
1 year to Oct-2010	11.0%	2.9%
1 year to Oct-2009	22.0%	4.8%
1 year to Oct-2008	N/A	N/A
1 year to Oct-2007	N/A	N/A

* Compound Annualised Growth Rate
** annual/annualised volatility

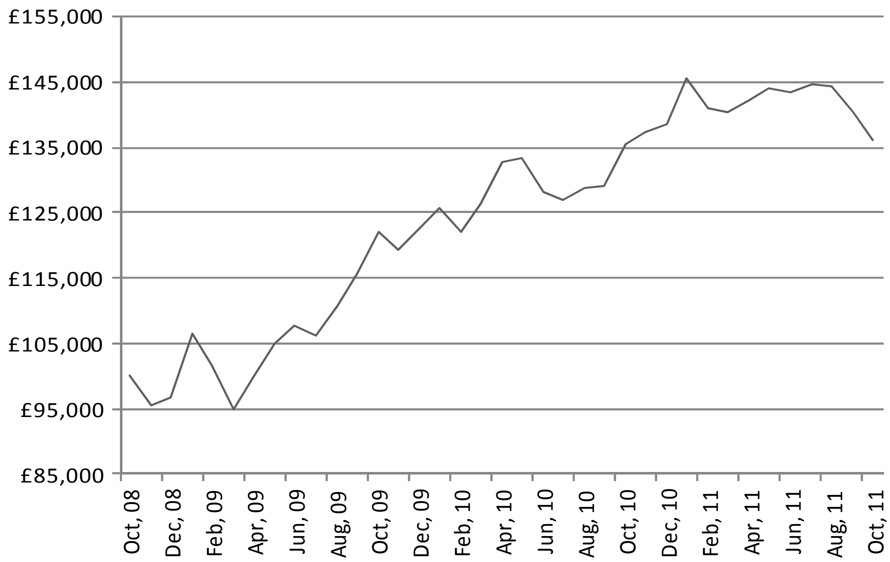
Please note that prices of investments and the income from them can fall as well as rise and you may not get back the amount originally invested. Past performance is not a guide to future returns which may not be repeated; there can be no guarantee that the objectives of the portfolio will be achieved.

PERFORMANCE

Black Swan Financial Management publicises example portfolio returns to demonstrate our investment capability and illustrate how we manage investment risk through diversification.

The following chart illustrates how an investment of £100,000 would have grown since October 2008. The returns are inclusive of all annual costs but exclusive of the initial advice fee.

When creating investment portfolios we will consider our clients investment requirements and prevailing market conditions at the time of investment, as a consequence no two portfolios will be the same.



COMMENTARY

During September the Adventurous Portfolio declined by 6.2% and the Cautious Portfolio declined by 0.2%. This compares to a fall of 5% in the FTSE All Share Index and a 3.3% rise in the FTSE All Stocks Index. Simply put it was a month when as the 'least worst' currency the dollar rose whilst equities and commodities fell.

Markets continue to face hugely complex and destabilising forces. The balance between cutting expenditure and raising taxes without crushing employment and consumption is a high wire act without a net, but there is no realistic alternative to these proven solutions. Currently the deleveraging of the Western financial system is depressing the rate of economic growth, which exacerbates the problems of government deficits.

Whilst the risk of contagious sovereign debt default threatens to trigger a far more damaging crisis for all markets, the correlations between equity market returns and economic growth are often tenuous. Witness China's rapid economic growth over the last two years even as the broadest index halved. For unlike governments, companies can quickly cut costs and restructure, thus many sectors are enjoying good growth despite a generally flat economic background.

In America, after a prolonged period of sluggish economic growth, corporate profits as a percentage of GDP are at an all-time high. Moreover, as the corporate sector (with the notable exception of financials) holds record amounts of cash, takeover activity should be high.

Despite a fiendishly difficult backdrop it is important to hold to the view that high quality equities still offer investors both income and the potential for real capital appreciation despite the inevitable volatility that even a defensive portfolio will experience.

Between now and the end of the year we will once again interrogate the assets held within each of our example portfolios and report any adjustments to you in January's quarterly review.

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.

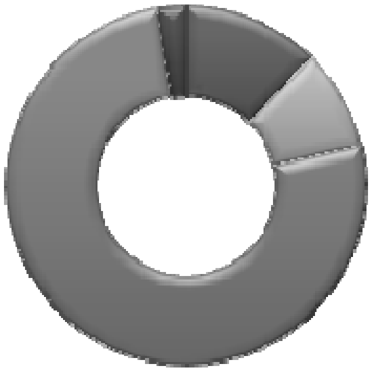
The price at which shares of investment trust companies trade on the stock market is to some extent affected by supply and demand. The price of shares will either be below (trading at a discount) or above (trading at a premium) the underlying asset value for the share – the trust's net asset value. The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

Portfolio Adjustments

None this quarter

ASSET ALLOCATION

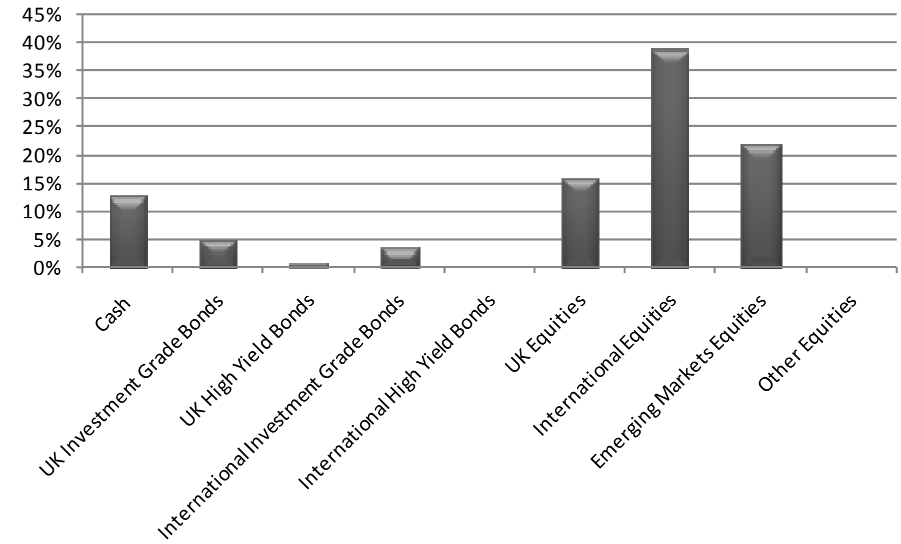


Cash 12.5% | Fixed Interest 9.0% | Equity 76.1% | Other 2.5%

Allocating investment capital across different assets is an important aspect of portfolio management, this is because it dictates the level of volatility and the ultimate returns a portfolio can achieve.

The accompanying charts display the asset allocation position of a typical moderately adventurous portfolio (as at January 2011). The doughnut chart displays the basic asset split and the bar chart provides more detailed information.

The asset allocation of a portfolio will vary on daily basis in accordance with the investment manager's views and as a result of investment returns.



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 statics 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.

All opinions and estimates contained in this presentation are those of Black Swan Financial Management. The information contained in this document is published for the assistance of recipients, but is not to be relied upon as authoritative or taken as a substitute for the exercise by the recipient of his or her own judgement or their financial adviser. 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.