

# IFDS Chartwell Open Ended Investment Company Balanced Income Fund

## Investment Objective

The Balanced Income Fund aims to provide a high level of growing income (target yield of 5% gross) together with capital growth by investing in a balanced and diversified portfolio of UK and international equities, fixed interest securities and commercial property. Investment will also be made into regulated collective investment schemes, money markets instruments, cash deposits and alternative assets to further diversify the fund.

Since inception on 18 September 2006, Midas Capital

held the investment manager mandate for the Fund. On 15 September 2008, Midas Capital were replaced and Sarasin & Partners now provides the management of the Fund. The managers adopt a balanced and diversified investment approach to obtain superior investment returns, whilst minimising risk, wherever possible. Exposure to equities and fixed interest is gained directly, with property and alternative asset exposure obtained through collective investment schemes.

## Investment Manager & Philosophy

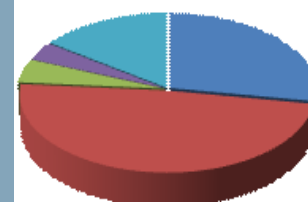
Sarasin & Partners believes in traditional techniques of investment applied in a modern way. They approach these and all other investment issues with three clear principles in mind. They believe that:

Asset Allocation is the key to a balanced investment policy. A genuine understanding of any client's objectives is the key to setting the long-term "natural" mix of a portfolio - equities, bonds and cash - as well as some of the newer asset classes such as global real estate, quasi-public sector bonds and alternative assets. They are prepared to make substantial shifts in asset allocation away from this "natural mix" over time in the light of stock market conditions with the objective of securing competitive investment returns but dampening down volatility.

Recurring income with a sustainable yield is the most important source of long-term investment return from all asset classes. Current income and future income growth is the key to successful long-term investment.

Equity investment is best approached on a global basis. Sarasin's pioneering Global Thematic Equities investment process adds an important new dimension, selecting those companies on the world stage that have superior business models, superior cash flow, clear pricing power, strong research and development and a sharp focus on delivering attractive returns to their shareholders.

**Breakdown by Asset Class**



- Fixed Interest, 27.71%
- Equities, 48.59%
- Property, 4.86%
- Alternative Assets, 3.82%
- Liq Assets (inc. Cash), 15.02%

As at December 2009  
Source: Chartwell Fund Management

## Cumulative Performance (%) as at 31-12-09

	1 mth	3 mnths	6 mnths	1 yr	Since Launch
Fund Return	1.93%	2.47%	13.50%	6.87%	-22.85%
IMA Cautious Sector	1.47%	2.00%	14.19%	N/A	N/A

Sources: Chartwell Fund Management Limited. Morningstar 31st December 2009, bid to bid total return

## Discrete Performance (%) as at 31-12-09

	31/12/08-31/12/09
Fund Performance %	6.87%

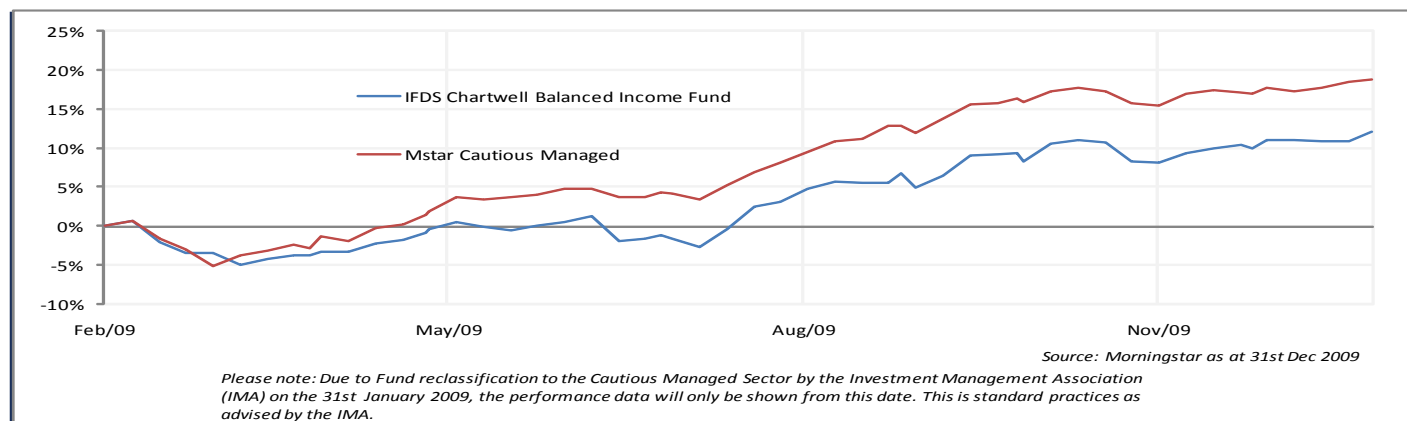
Sources: Chartwell Fund Management Limited. Morningstar 31st December 2009, bid to bid total return

## Top 15 Holdings

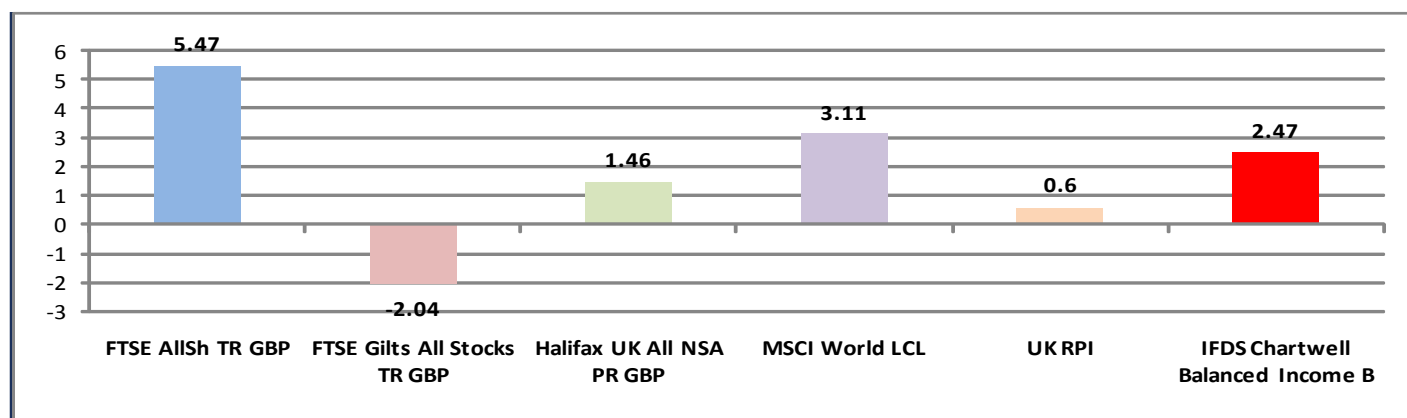
	(%)
Treasury 5.0000% 07/03/12	3.2
YEN DENOM NIKKEI Mar10	2.7
RWC FD-RWC GLBL CONVTBLS-B-GBP	2.2
Council of Europ 3.3750% 08/12/14 GBP	2.2
3I INFRASTRUCTURE PLC	1.6
INVESTEC EM MRKTS DT-I-INC-N	1.6
MUZINICH ENHANCED YIELD SHORT	1.5
SABMILLER PLC 4.5000% 20/01/15 EUR	1.4
GOLD BULLION SECURITIES LTD	1.4
ROCHE HOLDING AG-GENUSSSCHEIN	1.4
SARASIN CI Real Estate Eq GBP Inc	1.4
BP PLC	1.3
Scotland Gas Net 4.7500% 21/02/17 GBP	1.2
INTL BUSINESS MACHINES CORP	1.2
UNILEVER PLC	1.2

Source: Chartwell Fund Management Limited

## Performance History



## 3 Month Relative Return



## Fund Manager Commentary

Positive economic and investor sentiment re-asserted itself in the last two weeks of the year after a shaky start to December. The evident difficulty the assembled nations in Copenhagen were experiencing in reaching accord on carbon reduction measures, together with worries G7 fiscal and monetary policy measures might be withdrawn sooner than expected had prompted a retreat in equity markets. However, a hastily agreed, if watered down, climate agreement between the US, India and China and better than expected global trade, and specifically US manufacturing and labour data, drove a typical Santa Claus rally on thin volume to the year end. Government bond markets in all regions fell on concerns of over issuance and the prospect that recovering economies and a strengthening oil price would usher a rise in inflationary pressures. Gold drifted lower, although remained above the \$1100 level.

We have remained consistently weighted in equities at 50% and the high quality of our thematic holdings has resulted in the fund posting a positive return for the month. We have continued to add to the traditionally defensive areas of the market which have lagged the rally buying companies such as National Grid and Novartis. In addition we also increased our Japanese exposure. We now hold negligible UK government bond holdings and have preserved low duration, a strategy that has been successful in H2 2009 as yields have progressively risen.

It is still our central case that the recovery in economies and markets will stretch into 2010, buoyed by low rates – that will likely not be raised in G7 countries in 2010 – and improving demand from inventory rebuilding. However, we question the trajectory and possibly the sustainability of the recovery in H2, as extraordinary Keynesian and quantitative easing measures have to be withdrawn and consumers, in particular, face fresh headwinds. We expect equity market leadership to narrow appreciably from the broad beta-based rally experienced in 2009 to a smaller set of 'thematic' equities that are exposed to favourable long-term trends and can survive and indeed prosper in difficult market conditions. This will be akin to a new 'nifty 50'. The problem of over-issuance of government bonds encourages us to maintain gold positions as a capital hedge and look away from the government market for sources of capital stability and income.

### Contact Details

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### Fund Information

Launch Date  
Fund Size (as at 31 Dec 2009)  
£31.2 million  
Price as at 31 Dec 2009  
Class B Share Price Inc (NAV) 69.38p  
Annual Management Charge 1.50%  
Initial Charge 5.00%

### How to Invest

Investments can be made by

- Lump sum (min £4,000)
- ISA's or ISA Transfer
- Regular Saving Plan (min £50 per fund per month)

### Applications

For an Application Form:  
Telephone: 020 7290 9490  
Or Email:  
info@triinvestments.com  
Or go to: www.triinvestments.com

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