

Risk reward profile



Fund facts

Benchmark: 3 month LIBID + 1% to 3% over 3 to 5 years

Appropriate term: Minimum 3 to 5 years

Fund Manager: Nedgroup Investments (IOM) Limited
An Isle of Man based fund manager providing investment management and advisory services to assets in excess of \$1.2bn

Fund legal structure: Irish OEIC UCITS IV

Inception date: 19 August 2011

Market value: \$139.5m

Prices

USD Class A: \$1.0658

USD Class B: \$9.7278

GBP Class A: £8.3917

GBP Class B: £10.0000

Value and prices as at 31 Dec 2011

Management fee Class A: 1.40% p.a.

Management fee Class B: 1.00% p.a.

Minimum investment Class A

\$10,000 / £7,500

Minimum investment Class B

\$750,000 / £500,000

Dealing

Weekly on a Thursday

Notice periods:

Subscriptions: T-1

Redemptions: T-3

Settlement periods:

Subscriptions: T+2

Redemptions: T+5

ISIN / SEDOL

Class A USD: IE00B5SHBV53 / B5SHBV5

Class B USD: IE00B3NHHD07 / B3NHHD0

Class A GBP: IE00B57XK066 / B57XK06

Class B GBP: IE00B41F9717 / B41F971

Contact details

Fairbairn Private Bank

Client services: +44 (0)207 002 3600

Email: uk@fairbairnbp.com

Website: www.fairbairnbp.com

The parent of Fairbairn Private Bank is Nedbank Group Limited. A sub-distribution agreement is in place between Nedgroup Investments (IOM) Limited and Fairbairn Private Bank.

Fund objective

The Balanced MultiFund aims to provide moderate levels of growth with moderate levels of risk and volatility over the medium to longer-term.

It is anticipated that the Balanced MultiFund will achieve a return in excess of 3-month LIBID + 1% to 3% in the currency of the relevant share class over a rolling 3 to 5 year period.

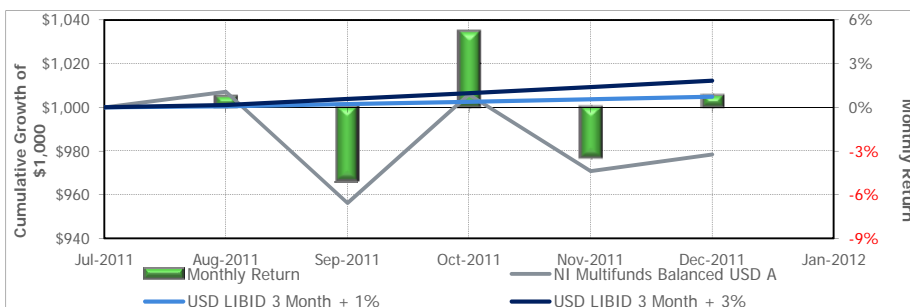
Suitability & Risk and Return

The Balanced MultiFund is suitable for clients with an investment time horizon of 3 to 5 years. Investing in the fund involves a risk to capital in order to achieve the desired return.

In order to achieve the investment objective, the portfolio invests across a range of asset classes within a strategic and tactical asset allocation framework designed to maximise diversification benefits. An absolute and relative valuation-based approach underpins this framework, resulting in a multilayered process to facilitate disciplined decision-making and risk management.

Portfolio construction combines exposures to active fund managers, who are expected to outperform their defined benchmarks, with allocations to passive investment vehicles which provide a more cost-effective access to the investment markets. This blend of active and passive funds is used to create a competitively priced investment solution.

Fund performance



Class A USD monthly returns and cumulative growth of \$1,000

	Since fund inception (19 August 2011)	Fund USD		Benchmark		Fund GBP		Benchmark	
		%	US LIBID 3 month + 1%	US LIBID 3 month + 3%	%	GBP LIBID 3 month + 1%	GBP LIBID 3 month + 3%		
3 months		2.32%	0.35%	0.84%	2.20%	0.48%	0.97%		
Since inception		-2.16%	0.49%	1.22%	-2.01%	0.69%	1.42%		

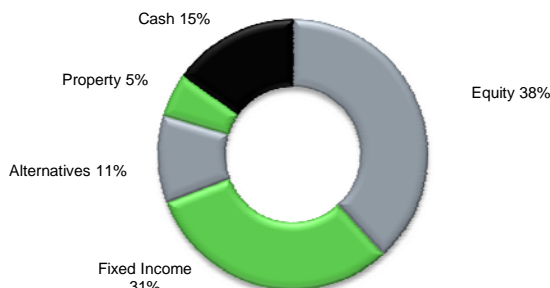
Class A performance net of fees

Risk measure:

	Fund USD	Fund GBP
Since fund inception		
Annualised volatility	N/A *	N/A *
Sharpe ratio (annualised)	N/A *	N/A *
Lowest monthly return	-5.06%	-4.80%
Maximum drawdown	-5.06%	-4.80%
Months to recover	1	1

* Track record starts August 2011 and we will only be able to report these figures once several months have elapsed.

Asset allocation



Top 10 holdings

State Street World Equity Index Fund	Franklin Templeton Global Total Return Fund
Goldman Sachs Absolute Return Tracker Fund	M&G Investments Funds - Global Basics Fund
Veritas Global Focus Fund	Mundane World Leaders Fund
PIMCO Global Investment	AXA US Short Duration High Yield Fund
BNY Mellon Global Bond	Old Mutual Global Bond

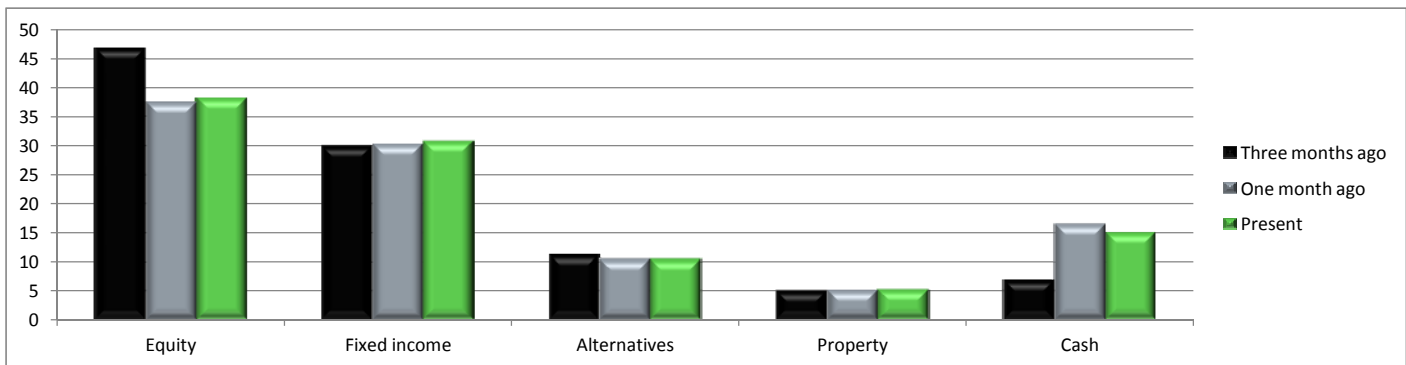
DISCLAIMER:

The Fund is authorised in Ireland and regulated by the Central Bank of Ireland. The Fund is authorised in Ireland as an undertaking for collective investment in transferable securities pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 (S.I. No. 352 of 2011) as amended from time-to-time. This document is not intended for distribution to any person or entity who is a citizen or resident of any country or other jurisdiction where such distribution, publication, or use would be contrary to law or regulation. The Fund and certain of its sub-funds are recognised in accordance with Section 264 of the Financial Services and Markets Act 2000. UK investors should read the Appendix for UK Investors in conjunction with the Fund's Prospectus which are available from the Manager. www.nedgroupinvestments.com.

The Fund has been recognised under paragraph 1 of Schedule 4 to the Collective Investment Schemes Act 2008 of the Isle of Man. Isle of Man investors are not protected by statutory compensation arrangements in respect of the Fund. The Investment Manager and Distributor Nedgroup Investments (IOM) Limited (reg no. 57917C) is licensed by the Isle of Man Financial Supervision Commission to carry on investment business and provide collective investment scheme services. Fairbairn Private Bank is a registered trade name of Fairbairn Private Bank (IOM) Limited and Fairbairn Private Bank Limited.

Fairbairn Private Bank (IOM) Limited is licensed by the Isle of Man Financial Supervision Commission. Registered office St Mary's Court 20 Hill Street Douglas Isle of Man. Fairbairn Private Bank Limited is regulated by the Jersey Financial Services Commission. Registered office Fairbairn House 31 Esplanade St Helier Jersey. Latest audited accounts available on request.

Changes in asset allocation by strategy



Portfolio commentary

In December 2011 the fund returned +0.78%, this is against the composite benchmark which returned +0.27%; the fund's formal benchmark (USD LIBID +1% to +3% over 3 to 5 years) returned +0.12% to +0.28.

The composite benchmark is constructed to reflect the neutral position of this asset allocation fund and is made up as follows: 40% MSCI AC World Index, 40% Barclays Global Aggregate Bond Index, 5% S&P Developed Property Index, 5% 3-month USD LIBID and 10% our cash index USD LIBID +2% p.a. This component of the benchmark is to represent the allocation to alternative funds in the portfolio; whilst they have different strategies and we aim for an absolute return across these holdings, hence a cash plus measure.

Even though the fund is measured against the composite benchmark on a month-to-month basis the portfolio is being managed to achieve a real return target of USD LIBID + 1% to 3% over a rolling 3 to 5 year period. As such we take a longer-term investment view in terms of our strategic asset allocation across the fund. At the same time, we make shorter-term tactical asset allocation decisions in order to preserve capital when possible. These asset allocation decisions are made within agreed limits and guidelines as set out in the sub-fund's Supplement.

Equity holdings make up about 40% of the Balanced MultiFund. The equity position contributed +0.56% (gross) to performance. Among the active equity managers Veritas Global Focus contributed the most to performance; the fund bounced back from very low returns in November and attained the highest returns of our equity managers with a return of +4.15% for the month. SSgA, the equity index tracker and the biggest holding in the fund contributed +0.30% to the month's performance.

The fixed income funds delivered positive returns with the exception of the Old Mutual Global Bond fund which was down -0.50%. Several of the funds outperformed the Barclays Global Aggregate Index which was +0.67% stronger. Fixed income contributed +0.01% (gross) to the fund's performance.

Developed markets listed real estate (REIT) returned 1% in December as indicated by the S&P Developed Property Index. Our property holdings outperformed the index, which was an improvement from last month's slight underperformance. Henderson and the iShares returned +1.81% and +1.61% respectively. This asset class contributed +0.08% (gross) to performance.

In the alternatives space we hold the Goldman Sachs Absolute Return Tracker which had a return of -0.80% and the Investec Enhanced Natural Resources Fund which took a knock of -3.65%. We have identified an additional alternatives fund that will be added within this space – a systematic CTA (Commodity Trading Advisor) type fund. Should this fund pass the operational due diligence process it will be added to the portfolio and we will be reporting on it in future months.

It is important to note that there are timing differences in the pricing of the underlying funds and the MultiFund. This creates leads and lags that affect the funds return each month.

From an asset allocation perspective the fund is neutral property and equities, underweight fixed income and overweight alternative investments. We continue to research the market for appropriate funds that meet our requirements, hence the fund holding excess cash waiting for deployment. We hope to introduce some of the funds that we have identified as suitable over the coming months.

DISCLAIMER:

The Fund is authorised in Ireland and regulated by the Central Bank of Ireland. The Fund is authorised in Ireland as an undertaking for collective investment in transferable securities pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 (S.I. No. 352 of 2011) as amended from time-to-time.
This document is not intended for distribution to any person or entity who is a citizen or resident of any country or other jurisdiction where such distribution, publication, or use would be contrary to law or regulation.
The Fund and certain of its sub-funds are recognised in accordance with Section 264 of the Financial Services and Markets Act 2000. UK investors should read the Appendix for UK Investors in conjunction with the Fund's Prospectus which are available from the Manager. www.nedgroupinvestments.com.
The Fund has been recognised under paragraph 1 of Schedule 4 to the Collective Investment Schemes Act 2008 of the Isle of Man. Isle of Man investors are not protected by statutory compensation arrangements in respect of the Fund.
The Investment Manager and Distributor Nedgroup Investments (IOM) Limited (reg no. 57917C) is licensed by the Isle of Man Financial Supervision Commission to carry on investment business and provide collective investment scheme services.
Fairbairn Private Bank is a registered trade name of Fairbairn Private Bank (IOM) Limited and Fairbairn Private Bank Limited.
Fairbairn Private Bank (IOM) Limited is licensed by the Isle of Man Financial Supervision Commission. Registered office St Mary's Court 20 Hill Street Douglas Isle of Man.
Fairbairn Private Bank Limited is regulated by the Jersey Financial Services Commission. Registered office Fairbairn House 31 Esplanade St Helier Jersey. Latest audited accounts available on request.