

S U C C E S S I O N

Platform based Discretionary Model Portfolios

Managed by Evercore Pan Asset

16th January 2012

Model Portfolio Update

Good Morning,

The equity markets appear to be taking a more rational view of the risk posed by the Eurozone so far in 2012 and the Succession Model Portfolios are performing well. The performance for December and full year 2011 are shown at the end of the update and the detailed factsheets will be sent to you later on today.

Portfolio Changes

We will be making some changes to the various model portfolios over the next two days as follows:

Defensive

We plan to sell the 11.4% holding in in the iShares Global Index-linked ETF which has performed very well during 2011. Despite the much more subdued inflation outlook in the West real yields on inflation-linked bonds are negligible or even negative in some cases, so we expect the price of the bonds to weaken. We are switching the proceeds into the iShares emerging markets (local currency) bond ETF which yields over 7% and should benefit from both an increase in the underlying capital value of the bonds and a likely continuation of sterling weakness. In addition, we are increasing the equity risk slightly to take advantage of the low rating and high dividend yields available. We will be switching 3% from the Source PIMCO sterling MINT holding into the iShares UK Dividend Plus ETF which currently yields 5.4%.

Cautious

We plan to sell the 5.8% holding in in the iShares Global Index-linked ETF which has performed very well during 2011. Despite the much more subdued inflation outlook in the West real yields on inflation-linked bonds are negligible or even negative in some cases, so we expect the price of the bonds to weaken. We are switching the proceeds into the iShares emerging markets (local currency) bond ETF which yields over 7% and should benefit from both an increase in the underlying capital value of the bonds and a likely continuation of sterling weakness. In addition, we are increasing the equity risk slightly to take advantage of the low rating and high dividend yields available. We will be adding 2% from cash into the iShares UK Dividend Plus ETF which currently yields 5.4%.

Balanced

We plan to increase the portfolio's exposure to equities by adding 5% of portfolio value to the Vanguard UK Equity Fund. This is to take advantage of the gradually improving conditions we expect to see in the UK as last year's tax increases are fully discounted and the Chancellor's initiatives to increase lending to the private sector and for infrastructure begin to bear fruit. The net increase in risk exposure will be 3% as the funds for the purchaser will be raised by selling 2% by portfolio value of the iShares emerging market ETF and by taking 3% from the Source PIMCO sterling mint holding.

Growth

We plan to increase the portfolio's exposure to equities by adding 5% of the portfolio value to the Vanguard UK Equity Fund. This is to take advantage of the gradually improving conditions we expect to see in the UK as last year's tax increases are fully discounted and the Chancellor's initiatives to increase lending to the private sector and for infrastructure begin to bear fruit. The net increase in risk exposure will be 3% as the funds for the purchaser will be raised by selling 2% by portfolio value of the HSBC Japan ETF, 2% of the iShares sterling corporate bond 1-5 ETF and by taking the balance from the Source PIMCO sterling mint holding.

Adventurous

We plan to increase the portfolio's exposure to equities by adding 5% of the portfolio value to the Vanguard UK Equity Fund. This is to take advantage of the gradually improving conditions we expect to see in the UK as last year's tax increases are fully discounted and the Chancellor's initiatives to increase lending to the private sector and for infrastructure begin to bear fruit. The net increase in risk exposure will be 3% as the funds for the purchaser will be raised by selling 2.1% by portfolio value of the HSBC Japan ETF and taking the balance from the Source PIMCO sterling mint holding.

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Performance

The main features of the Model Portfolio performance in December were as follows:

- ‰ Mixed equity market performance.
- ‰ The defensive holdings appreciated as market sentiment stabilised.
- ‰ Reduced risk of a European bank sector collapse helped corporate bonds.
- ‰ US equities appreciated.
- ‰ Asian property ETFs recovered a little but still yield around 4%.

	1 month	3 months	2010	2011	Since Inception
Defensive	1.0	1.5	3.7	-0.3	13.4*
Cautious	0.8	2.2	7.3	-2.7	9.2†
Balanced	-0.5	2.6	13.3	-9.6	24.4*
Growth	-0.4	3.9	14.2	-10.3	11.6†
Adventurous	-0.3	4.7	17.0	-11.5	31.9*

Regards,
Evercore Pan-Asset Investment Committee

Note: Data to end December 2011

*Inception date April 2009

†Inception date August 2009

Important Notices and Risk Warnings: The Succession Model Portfolios are not suitable for all types of investor. Investor accounts on the Succession Investment Platform may only be attached to it by the instruction of your professional Financial Adviser. The information in this email is for private circulation and is believed to be correct but cannot be guaranteed. No representation or warranty (express or otherwise) is given as to the accuracy or completeness of the information contained in this email and Evercore Pan-Asset Capital Management Limited and its employees accept no liability for the consequences of acting or not acting upon the information contained in this email. This email does not constitute professional advice and does not constitute an offer to sell or a solicitation of an offer to purchase any security or any other investment or product. Opinions expressed in this publication are solely the opinions of Evercore Pan-Asset Capital Management Limited. All expressions of opinion are subject to change without notice. This factsheet may not be reproduced or distributed in any format without the prior written consent of Evercore Pan-Asset Capital Management Limited. Investing in Exchange Traded Funds may expose the investor to a number of risks, some of which are specific to Exchange Traded Funds and some of which are general investment risks. Not all Exchange Traded Funds are suitable for all investors. The value of investments and the income from them can go down as well as up and investors may not recover the amount of their original investment. The sterling value of overseas investments, and the income from them, will fluctuate as a result of currency movements. Past performance is not necessarily a good indication of likely future performance. The tax treatment of investments depends on each investor's individual circumstances and is subject to changes in tax legislation.