

Managed Portfolio Service - Higher Risk Profile



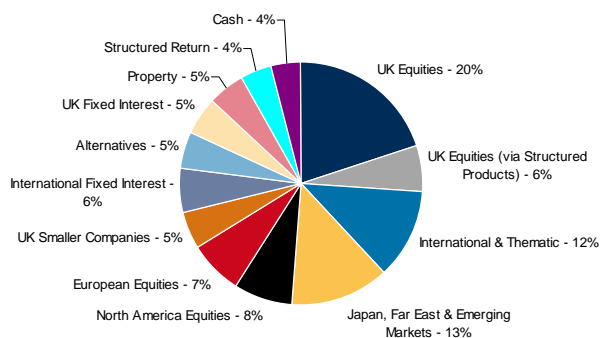
Objective

An aggressive portfolio that will provide exposure to a range of UK and international investments with full exposure to the higher returns and volatility of real and market investments on a longer term basis. Equity exposure is likely to range between 80-100%.

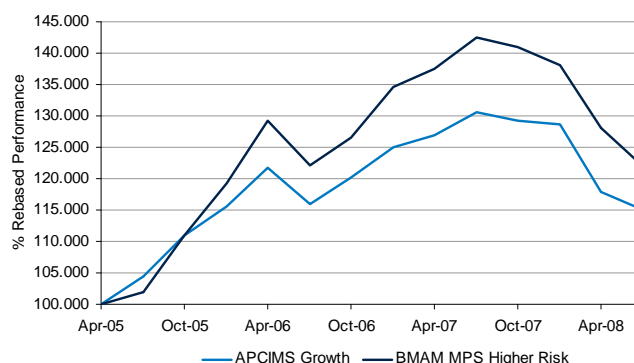
The Service

- Segregated fund of funds service managed proactively across global markets investing in asset classes via unit trusts, OEICs, structured products and investment trusts.
- Portfolio assets can be held within SIPP's and SSAS's.
- Existing funds can be transferred into the service.
- No specific dealing charges applicable.
- Each portfolio is managed generically with changes affecting all clients simultaneously.

Geographical Breakdown



Performance



Source: BMAM

Managers Comment

Over the quarter the twin fears of slowing global growth coupled with rising inflationary pressures have knocked investors' confidence and resulted in further falls for both equity and bond markets. The rescue of Bear Stearns provided some temporary relief for both equity and bonds markets but this proved to be short lived, as global inflation concerns hit the headlines. Oil prices have now risen over 100% since this time last year, which has had a significant inflationary impact

Global oil prices hit an all-time high of \$143.67 a barrel driven by supply constraints, geopolitical tension in the Middle East and an increased amount of activity by investment institutions. This significant inflationary pressure has been at the top of the agenda on both sides of the Atlantic, not least due to the increase in basic food prices. At the end of the quarter, US data was released showing domestic consumption of gasoline in April was at its lowest level for six years, evidence that the higher oil price has started to have an impact on global demand. This was a view echoed throughout Europe with a significant slowdown in 2nd quarter GDP being witnessed.

This was a difficult quarter for the higher risk portfolio with exposure to commercial property and equity investments dragging down performance. The resource fund has performed well given the ever increasing prices in commodities but sadly this has had a negative effect on other areas of the market as well as the global economy. The structured return sector has held up well and we are confident that once normality returns to markets that some of the depressed prices will quickly be reversed.

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Current Asset Allocation

Fund	P'cent	Sector
Scottish Mortgage Investment Trust	8.0%	Int
UBS US Equity	8.0%	US
Artemis UK Special Situations	7.0%	UK
AXA Framlington UK Select Opp Inc	7.0%	UK
Schroder European Alpha Plus	7.0%	EU
Melchior Asian 'B'	7.0%	Jap/FE
Rathbone Income	6.0%	UK
Barcap - UK Acc Growth II	6.0%	UK
Soc Gen Japan	6.0%	Jap/FE
Franklin Templeton Total Return \$ Class	6.0%	Int FI
ISIS Property II	5.0%	Property
Goldman Sachs Dynamic Opps	5.0%	Hedge
Aberforth UK Smaller Co.s	5.0%	UK sm'l
Merrill Lynch 7%	5.0%	UK FI
First State Inv Gbl Resources	4.0%	Int
Barcap 9.5%	4.0%	SR
Cash	4.0%	UK
Yield	1.99%	

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Taxation

Potential to utilise clients capital gains tax allowance (CGT).

Administration and Valuation

Valuations are provided every six months and access to valuations is available online at www.bm-am.com.

Charges

- Up to 4% initial portfolio establishment fee*
- 1.5% annual management charge*
- No additional dealing costs
- No set up or annual SIPP administration fee providing funds under management with Brooks Macdonald exceed £150,000 (please refer to terms and conditions for full details)
- Underlying charges may apply which will vary according to the specific assets within the portfolio

*part of which may be paid to your financial advisor





Investors should be aware that the price of units in this fund and the income from them can go down as well as up and that neither is guaranteed. Past performance is not necessarily a guide to the future. Investors may not get back the amount invested. Changes in rates of exchange may have an adverse affect on the value, price or income of an investment. Investors should be aware of the additional risks associated with funds investing in emerging or developing markets.

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Brooks Macdonald Group, its subsidiaries and/or their officers, directors and employees may also own and trade in the underlying assets.

Tax treatment depends on your individual circumstances and may be subject to change in the future.

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