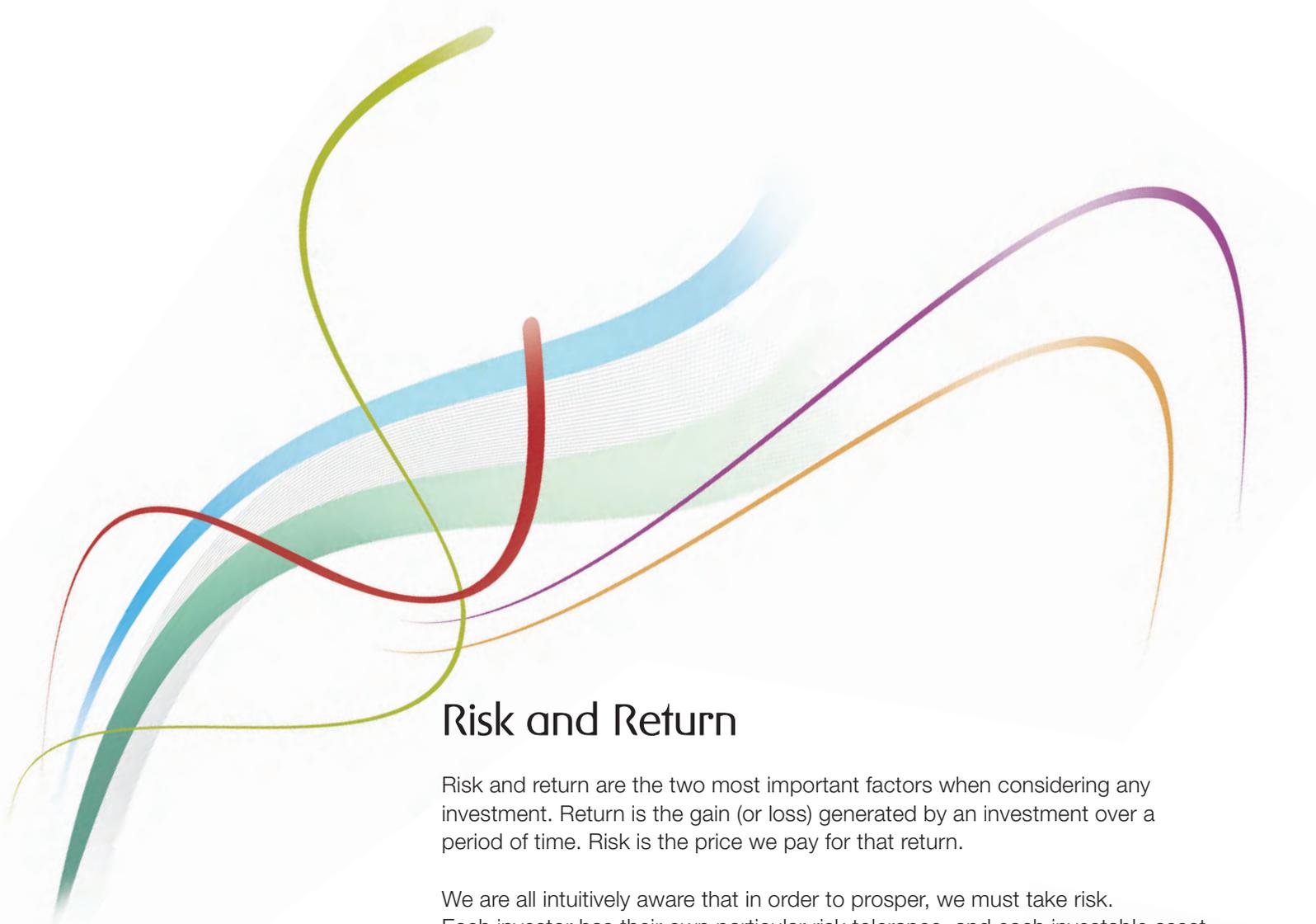


Focussing on earning a positive return, not matching a benchmark

With investment markets moving more rapidly than ever before, selecting the right assets, at the right time, and in the most appropriate proportions, is becoming increasingly difficult.

Whilst many companies offer 'Managed' funds which are able to invest in a wide range of assets, most, in reality, make only limited changes to their holdings, fearful of underperforming their respective benchmarks. Given that most of these benchmarks contain a significant equity weighting, it is perhaps unsurprising that equities always constitute the majority of the assets of these 'managed' funds, evens in times of significant stock market losses.

A large number of studies have shown that Asset Allocation (The changing proportion held in different assets) represents the key driver of investment performance for managed funds (often accounting for over 90% of the fund's return). bridport recognise this fact, and dedicate all of their resources to ensuring that our asset allocation actually changes in response to changing market conditions.



Risk and Return

Risk and return are the two most important factors when considering any investment. Return is the gain (or loss) generated by an investment over a period of time. Risk is the price we pay for that return.

We are all intuitively aware that in order to prosper, we must take risk. Each investor has their own particular risk tolerance, and each investable asset has its own particular risk characteristics. As these levels of risk change, so does the potential for gain (and unfortunately for loss).

Aims of the Fund

The Optimised funds aim to achieve a positive return, irrespective of underlying investment market conditions, for all clients at their chosen risk level. The level of return will be dictated by the level of risk which the client deems as suitable for their investment. bridport offer 6 funds, each with a different level of risk, ranging from ultra conservative, to more speculative.

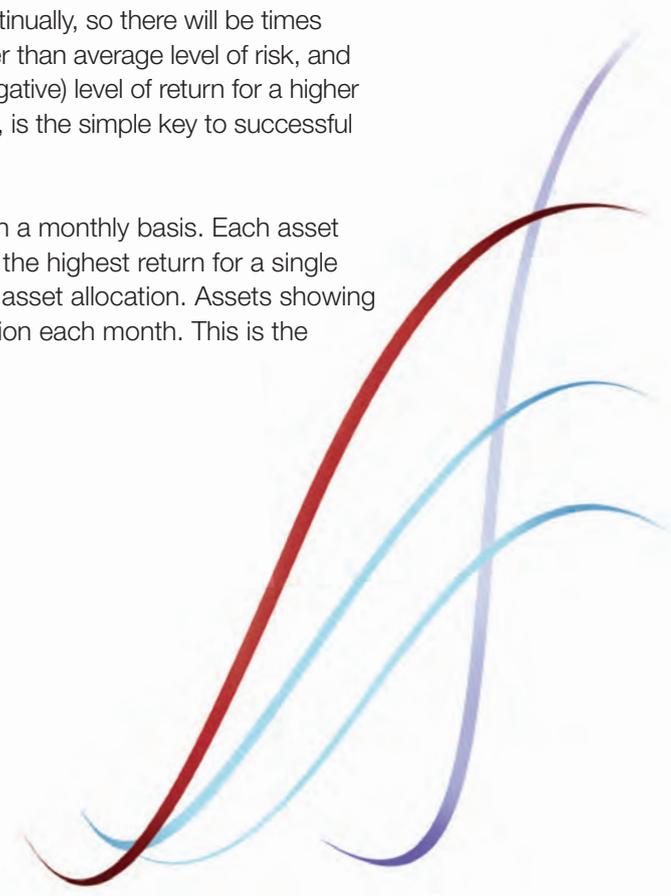


Each of the funds will hold exactly the same underlying assets. The risk level of each fund dictates the amount of each of these assets the particular fund will hold. The selection of the actual investments themselves will be made according to bridport's investment process.

The Investment Process – A simple concept

For every individual investment asset, we are able to measure the level of return, and the level of risk taken to achieve that return. These two measurements change continually, so there will be times when an asset offers a higher than average level of return for a lower than average level of risk, and conversely, times when it will offer a lower than average (or even negative) level of return for a higher than average level of risk. Finding the former, and avoiding the latter, is the simple key to successful investment management.

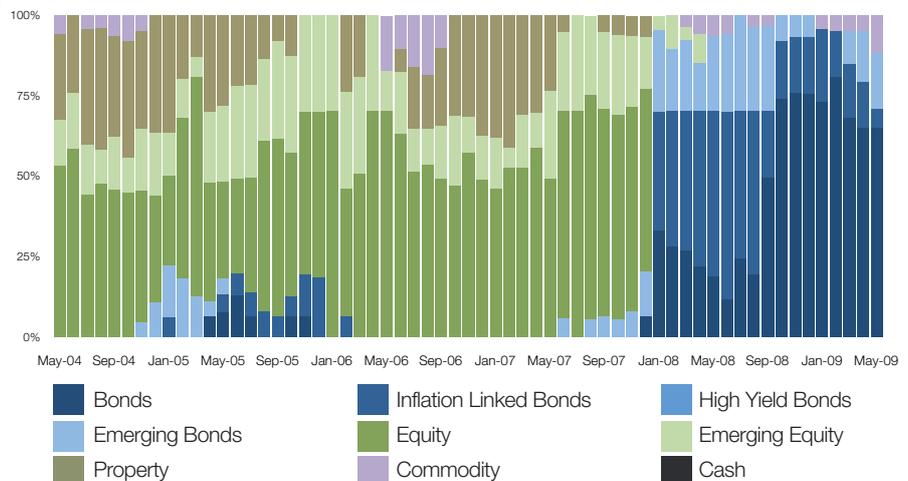
bridport analyse risk and return data for every major asset class on a monthly basis. Each asset is then ranked according to it's risk / return ratio, and those giving the highest return for a single percent of risk are given the highest weighting within that month's asset allocation. Assets showing a loss for the period assessed are excluded from the asset allocation each month. This is the process of Optimisation.



How has this worked in practice?

Based on the last 5 years of market movements of assets within our investment universe, our asset allocation would have moved as follows:

Optimised Share Class 5 year Asset Allocation - Monthly





Why are the Optimised Funds different?

- Absolute focus on asset allocation
- Asset classes available for investment by the funds include:
 - All Developed and Emerging Equity Markets
 - All Developed and Emerging Fixed Interest Markets
 - All Developed and Emerging Property Markets
 - Global Commodity Markets
 - Global Cash Markets
- Funds will invest predominantly in index tracking vehicles (ETF's) backed by physical holdings, government bonds and cash (or near cash assets)
- Asset allocation across each of the funds adjusted regularly in response to actual changing market conditions, not as a result of an 'in house' investment policy or for purposes of benchmark matching
- Monitoring and active readjustment of risk within appropriate funds on a monthly basis.

This is not an invitation or offer of shares in The Optimised Fund PC (the "Fund") and any such offer will be made only by means of the latest offering memorandum for the Fund, which is available on request. Investments in the Fund are not guaranteed. The value of such investments and any income from them may go down as well as up and investors may not get back the full amount invested. Past performance is not necessarily a guide to future performance.

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bridport & co. (Jersey) ltd
6 Bond Street, St Helier, Jersey JE2 3NP
bridport@bridportjersey.net www.bridport.je

Telephone +44 (1534) 887 448
Facsimile +44 (1534) 887 805

Regulated by the Jersey Financial Services Commission

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Investor Services