*January 2013*

BLACK SWAN
FINANCIAL MANAGEMENT

# ADVENTUROUS PORTFOLIO

## Portfolio design & objective

This portfolio aims to achieve returns that are substantially greater than those available from a high street deposit account, offering potentially significant real returns over the long term.

We expect that in order to achieve their longer term objectives, a client investing in this type of portfolio would consider capital protection as a drag on investment return and as a consequence would be unconcerned with values that swing substantially with market and economic conditions.

Asset diversification is not a feature in such a portfolio with investment purely in riskier assets; high volatility can be expected with positive and negative monthly returns varying significantly.

## Performance Statistics

| Cumulative returns | Current | Best | Worst |
|---|---|---|---|
| 1 - month | 1.0% | 13.4% | -9.8% |
| 3 - month | 2.7% | 27.7% | -15.8% |
| 1 - year | 11.8% | 52.1% | -11.2% |
| 3 - year CAGR* | 4.1% | | |
| CAGR since inception | 10.6% | | |
| Total return | 53.4% | | |
| 3 - year return | 12.8% | | |
| 3 - year volatility** | 12.6% | | |
| Number of positive months | 58.8% | | |

| Discrete performance | Return | Volatility |
|---|---|---|
| 1 year to Jan-2013 | 11.8% | 2.3% |
| 1 year to Jan-2012 | -10.9% | 4.1% |
| 1 year to Jan-2011 | 13.3% | 3.9% |
| 1 year to Jan-2010 | 34.5% | 5.9% |
| 1 year to Jan-2009 | N/A | N/A |

* Compound Annualised Growth Rate

** annual/annualised volatility

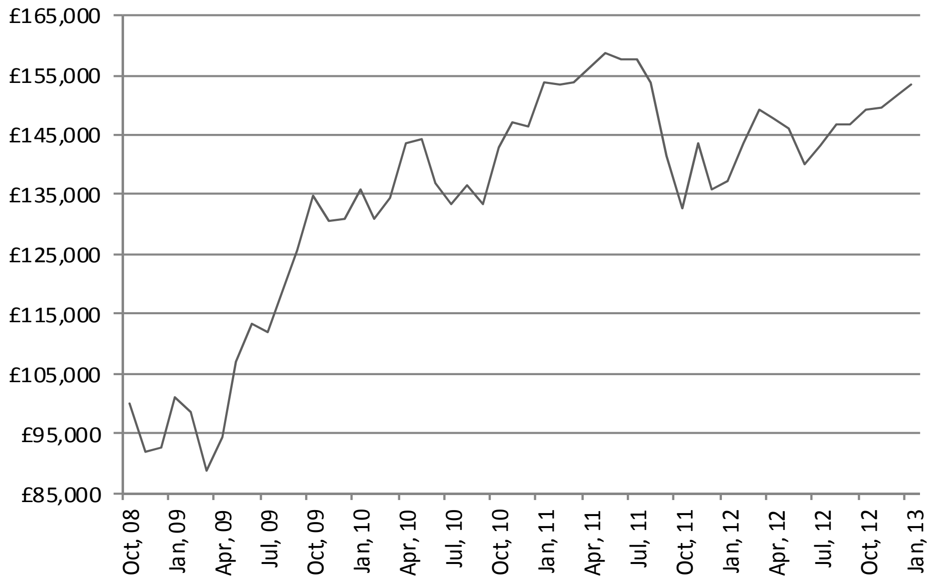
Please note that prices of investments and the income from them can fall as well as rise and you may not get back the amount originally invested. Past performance is not a guide to future returns which may not be repeated; there can be no guarantee that the objectives of the portfolio will be achieved.

## PERFORMANCE

Black Swan Financial Management publicises example portfolio returns to demonstrate our investment capability and illustrate how we manage investment risk through diversification.

The following chart illustrates how an investment of £100,000 would have grown since October 2008. The returns are inclusive of all annual costs but exclusive of the initial advice fee.

When creating investment portfolios we will consider our clients investment requirements and prevailing market conditions at the time of investment, as a consequence no two portfolios will be the same.




## COMMENTARY

During December the Adventurous Portfolio rose by 1.0% and the Cautious Portfolio rose by 0.8%. This compares with a rise of 1.0% in the FTSE All Share Index and a fall of 0.5% in the FTSE All Stocks Index. Recording a total return of 12.3% UK equities posted a surprisingly good performance in 2012 and with the inclusion of dividends the FTSE All Share is currently trading at an all-time high. Opinion remains divided as to the direction of the market in the coming year.

According to Invesco Perpetual, US and UK households are deleveraging their debt-to-household income ratios, with the US having declined from a peak of 134% in 2008 to 112.7% in 2012 and the UK reducing from 175% to 146%. By contrast falling tax receipts and rising spending are pushing the ratio of public sector debt to GDP in an upward trajectory.

With much of the developing world dependent upon exports to the west, we do not see any quick fix from the east and are waiting for the tide to turn on government debt before we can feel confident about the prospects for sustained economic growth and investment return.

As usual at this time of year we have updated the asset allocation charts for each portfolio factsheet and reviewed the selection of fund managers employed in each mandate. On this occasion we have not made any manager changes and are happy to allow cash levels to drift up until we find a suitable investment opportunity.

In summary at the start of 2013 we feel as we did at the start of 2012, only one year further on, and as such we believe asset prices will once more move up and down in line with bouts of investor optimism and pessimism, the economy will continue to grow slowly and the end game will be inflation to reduce public debt.

White Hart House Silwood Road. Ascot SL5 0PY t.01344 873254 e.info@blackswanfinancialmanagement.co.uk www.blackswanfinancialmanagement.co.uk

## Specific risks that may affect this portfolio

Investments may use derivative contracts to employ Efficient Portfolio Management (EPM) practices, avail the investment manager with investment flexibility and improve prospective returns. Derivative contracts have a cost and can have a positive or negative effect on performance. (EPM restricts the use of derivatives for the reduction of risk, cost or the generation of additional capital or income with no or acceptable low level of risk).

Investments held in overseas companies will fall and rise directly as a result of exchange rate fluctuations.

Investments in smaller companies may be less liquid than larger companies and may have more volatile share prices.

High cash holdings will affect performance. If cash is held in a rising market, returns would be less than if the portfolio were fully invested.

Investments may include exposure to emerging markets, which tend to be less well regulated and more volatile than established stock markets.

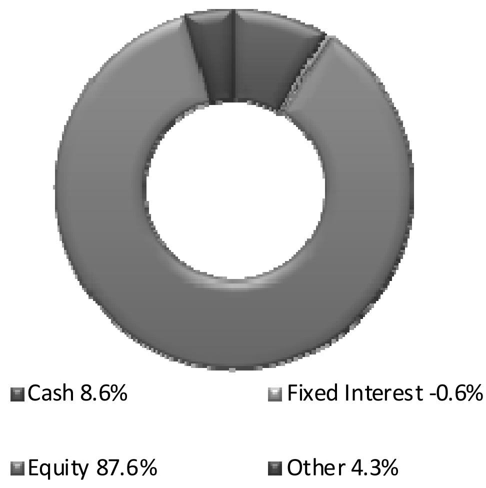
The price at which shares of investment trust companies trade on the stock market is to some extent affected by supply and demand. The price of shares will either be below (trading at a discount) or above (trading at a premium) the underlying asset value for the share – the trust's net asset value. The amount of premium or discount can fluctuate significantly.

Investment trust companies can borrow in order to gear investment return. Gearing can either significantly enhance or reduce returns.

## Portfolio Adjustments

None this quarter

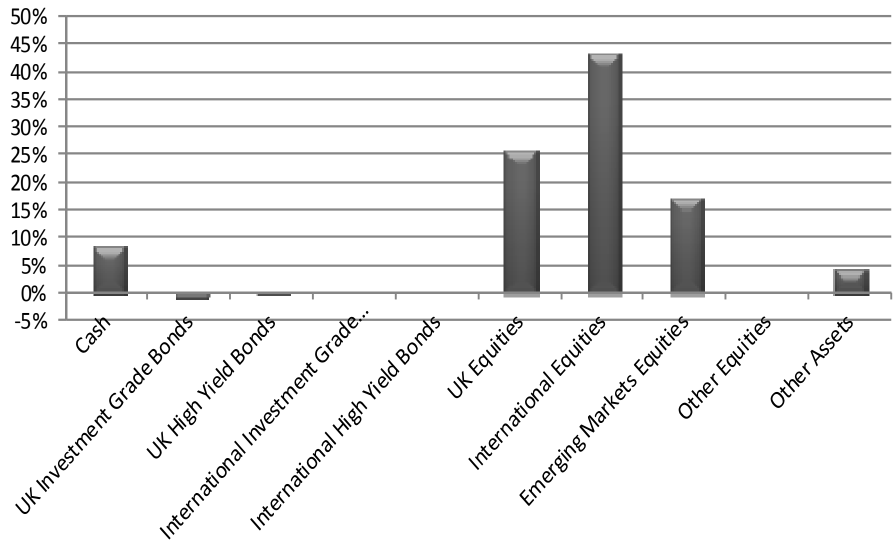
## ASSET ALLOCATION




Allocating investment capital across different assets is an important aspect of portfolio management, this is because it dictates the level of volatility and the ultimate returns a portfolio can achieve.

The accompanying charts display the asset allocation position of a typical adventurous portfolio (as at January 2013). The doughnut chart displays the basic asset split and the bar chart provides more detailed information.

The asset allocation of a portfolio will vary on daily basis in accordance with the investment manager's views and as a result of investment returns.




## IMPORTANT INFORMATION

This document has been issued by Black Swan Financial Management, which is authorised and regulated by the Financial Services Authority (466128). It has been prepared solely for information purposes and is not a solicitation or recommendation. The performance statics are drawn from pension investments that offer tax efficient investment returns. Returns from investments held outside a similar tax shelter would be lower.

The information on which the document is based has been obtained from sources that we believe to be reliable and taken in good faith, but we have not independently verified such information and no representation or warranty, express or implied, is made to their accuracy. The investments within the portfolio were made during October 2008 and subsequent data is drawn on the close of business from the first of each month from 01 October 2008.

All opinions and estimates contained in this presentation are those of Black Swan Financial Management. The information contained in this document is published for the assistance of recipients, but is not to be relied upon as authoritative or taken as a substitute for the exercise by the recipient of his or her own judgement or their financial adviser. Please note that prices of investments and the income from them can fall as well as rise and you may not get back the amount originally invested. Past performance is not a guide to future returns which may not be repeated; there can be no guarantee that the objectives of the portfolio will be achieved.

January 2013

BLACK SWAN
FINANCIAL MANAGEMENT

# BALANCED PORTFOLIO

## Portfolio design & objective

This portfolio aims to achieve returns that are a good deal higher than those available from a high street deposit account, offering potentially good real returns over the long term.

We expect that in order to achieve their longer term objectives, a client investing in this type of portfolio would wish to strike a balance between their desire for capital protection and investment return, they would not be troubled by capital values moving with market and economic conditions.

Asset diversification is a feature, although such a portfolio will contain significant exposure to riskier assets, a fair level of volatility can be expected with positive and negative monthly returns falling within a moderate range.

## Performance Statistics

| Cumulative returns | Current | Best | Worst |
|---|---|---|---|
| 1 - month | -0.5% | 5.2% | -5.6% |
| 3 - month | 0.0% | 8.7% | -4.9% |
| 1 - year | 2.2% | 20.2% | -3.7% |
| 3 - year CAGR* | 3.7% | | |
| CAGR since inception | 5.4% | | |
| Total return | 24.8% | | |
| 3 - year return | 11.5% | | |
| 3 - year volatility** | 6.3% | | |
| Number of positive months | 56.9% | | |

| Discrete performance | Return | Volatility |
|---|---|---|
| 1 year to Feb-2013 | 2.2% | 1.3% |
| 1 year to Feb-2012 | -0.6% | 1.7% |
| 1 year to Feb-2011 | 9.7% | 2.2% |
| 1 year to Feb-2010 | 11.3% | 2.3% |
| 1 year to Feb-2009 | N/A | N/A |

* Compound Annualised Growth Rate
** annual/annualised volatility

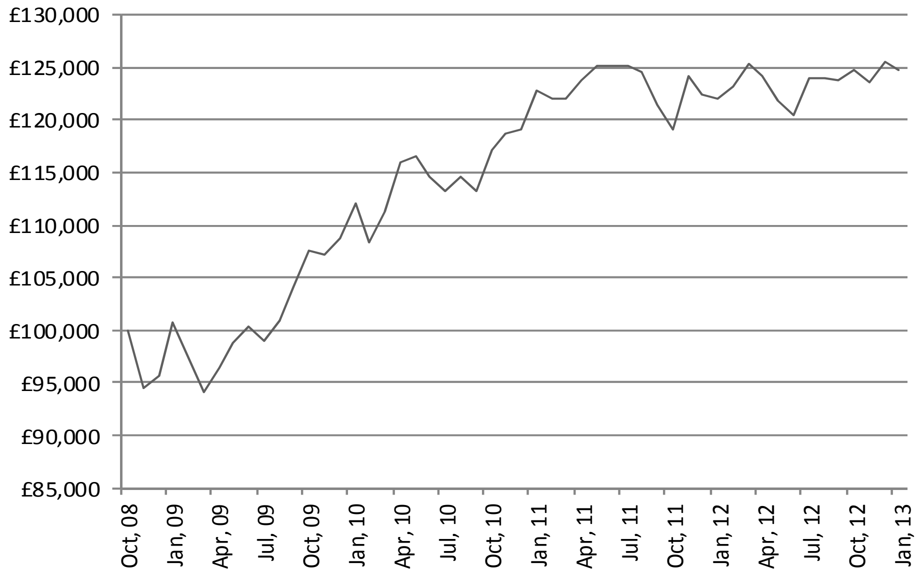
Please note that prices of investments and the income from them can fall as well as rise and you may not get back the amount originally invested. Past performance is not a guide to future returns which may not be repeated; there can be no guarantee that the objectives of the portfolio will be achieved.

## PERFORMANCE

Black Swan Financial Management publicises example portfolio returns to demonstrate our investment capability and illustrate how we manage investment risk through diversification.

The following chart illustrates how an investment of £100,000 would have grown since October 2008. The returns are inclusive of all annual costs but exclusive of the initial advice fee.

When creating investment portfolios we will consider our clients investment requirements and prevailing market conditions at the time of investment, as a consequence no two portfolios will be the same.




## COMENTARY

During December the Adventurous Portfolio rose by 1.0% and the Cautious Portfolio rose by 0.8%. This compares with a rise of 1.0% in the FTSE All Share Index and a fall of 0.5% in the FTSE All Stocks Index. Recording a total return of 12.3% UK equities posted a surprisingly good performance in 2012 and with the inclusion of dividends the FTSE All Share is currently trading at an all-time high. Opinion remains divided as to the direction of the market in the coming year.

According to Invesco Perpetual, US and UK households are deleveraging their debt-to-household income ratios, with the US having declined from a peak of 134% in 2008 to 112.7% in 2012 and the UK reducing from 175% to 146%. By contrast falling tax receipts and rising spending are pushing the ratio of public sector debt to GDP in an upward trajectory.

With much of the developing world dependent upon exports to the west, we do not see any quick fix from the east and are waiting for the tide to turn on government debt before we can feel confident about the prospects for sustained economic growth and investment return.

As usual at this time of year we have updated the asset allocation charts for each portfolio factsheet and reviewed the selection of fund managers employed in each mandate. On this occasion we have not made any manager changes and are happy to allow cash levels to drift up until we find a suitable investment opportunity.

In summary at the start of 2013 we feel as we did at the start of 2012, only one year further on, and as such we believe asset prices will once more move up and down in line with bouts of investor optimism and pessimism, the economy will continue to grow slowly and the end game will be inflation to reduce public debt.

Black Swan Financial Management

## Specific risks that may affect this portfolio

Investments may use derivative contracts to employ Efficient Portfolio Management (EPM) practices, avail the investment manager with investment flexibility and improve prospective returns. Derivative contracts have a cost and can have a positive or negative effect on performance. (EPM restricts the use of derivatives for the reduction of risk, cost or the generation of additional capital or income with no or acceptable low level of risk).

Investments held in overseas companies will fall and rise directly as a result of exchange rate fluctuations.

Fixed interest securities are particularly affected by trends in interest rates and inflation, this may affect the capital value of the portfolio.

Investments in smaller companies may be less liquid than larger companies and may have more volatile share prices.

High cash holdings will affect performance. If cash is held in a rising market, returns would be less than if the portfolio were fully invested.

Investments may include exposure to emerging markets, which tend to be less well regulated and more volatile than established stock markets.

Investments in fixed interest securities with a low credit rating will carry more risk than investment grade fixed interest.

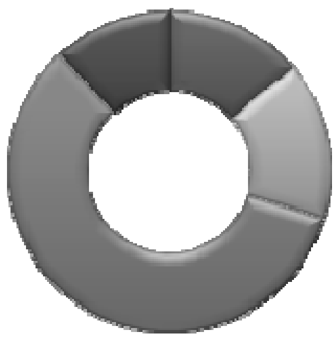
The price at which shares of investment trust companies trade on the stock market is to some extent affected by supply and demand. The price of shares will either be below (trading at a discount) or above (trading at a premium) the underlying asset value for the share – the trust's net asset value. The amount of premium or discount can fluctuate significantly.

Investment trust companies can borrow in order to gear investment return. Gearing can either significantly enhance or reduce returns.

## Portfolio Adjustments

None this quarter

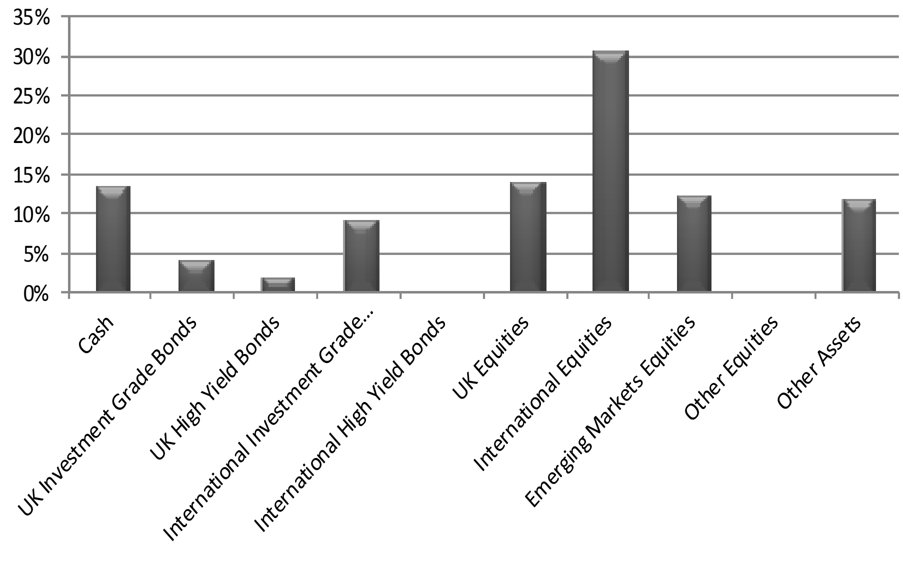
## ASSET ALLOCATION




Allocating investment capital across different assets is an important aspect of portfolio management, this is because it dictates the level of volatility and the ultimate returns a portfolio can achieve.

The accompanying charts display the asset allocation position of a typical balanced portfolio (as at January 2013). The doughnut chart displays the basic asset split and the bar chart provides more detailed information.

The asset allocation of a portfolio will vary on daily basis in accordance with the investment manager's views and as a result of investment returns.




## IMPORTANT INFORMATION

This document has been issued by Black Swan Financial Management, which is authorised and regulated by the Financial Services Authority (466128). It has been prepared solely for information purposes and is not a solicitation or recommendation. The performance statics are drawn from pension investments that offer tax efficient investment returns. Returns from investments held outside a similar tax shelter would be lower.

The information on which the document is based has been obtained from sources that we believe to be reliable and taken in good faith, but we have not independently verified such information and no representation or warranty, express or implied, is made to their accuracy. The investments within the portfolio were made during October 2008 and subsequent data is drawn on the close of business from the first of each month from 01 October 2008.

All opinions and estimates contained in this presentation are those of Black Swan Financial Management. The information contained in this document is published for the assistance of recipients, but is not to be relied upon as authoritative or taken as a substitute for the exercise by the recipient of his or her own judgement or their financial adviser. Please note that prices of investments and the income from them can fall as well as rise and you may not get back the amount originally invested. Past performance is not a guide to future returns which may not be repeated; there can be no guarantee that the objectives of the portfolio will be achieved.

January 2013

# CAUTIOUS PORTFOLIO

## Portfolio design & objective

This portfolio aims to achieve returns that are at least as good as those available from a high street deposit account, whilst offering some potential for real returns over the long term.

We expect that a client investing in a cautious portfolio would regard capital preservation as much more important than investment return, but to achieve their longer term objectives would tolerate potential fluctuations in capital values that reflect changing market and economic conditions.

With broad diversification and only a small amount of exposure to riskier assets, the portfolio should exhibit low levels of volatility, positive and negative monthly returns should fall within a narrow range.

## Performance Statistics

| Cumulative returns | Current | Best | Worst |
|---|---|---|---|
| 1 - month | 0.8% | 6.4% | -3.1% |
| 3 - month | 2.2% | 7.7% | -2.7% |
| 1 - year | 4.7% | 17.8% | 2.1% |
| 3 - year CAGR* | 5.6% | | |
| CAGR since inception | 7.4% | | |
| Total return | 35.3% | | |
| 3 - year return | 17.9% | | |
| 3 - year volatility** | 2.9% | | |
| Number of positive months | 76.5% | | |

| Discrete performance | Return | Volatility |
|---|---|---|
| 1 year to Jan-2013 | 4.7% | 0.6% |
| 1 year to Jan-2012 | 4.0% | 0.8% |
| 1 year to Jan-2011 | 8.3% | 1.0% |
| 1 year to Jan-2010 | 10.2% | 1.6% |
| 1 year to Jan-2009 | N/A | N/A |

* Compound Annualised Growth Rate

** annual/annualised volatility

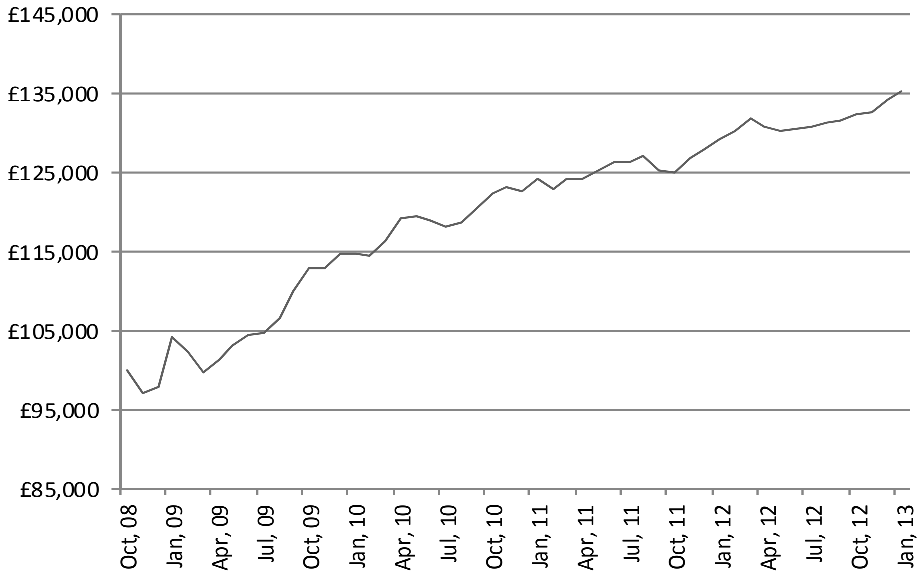
Please note that prices of investments and the income from them can fall as well as rise and you may not get back the amount originally invested. Past performance is not a guide to future returns which may not be repeated; there can be no guarantee that the objectives of the portfolio will be achieved.

## PERFORMANCE

Black Swan Financial Management publicises example portfolio returns to demonstrate our investment capability and illustrate how we manage investment risk through diversification.

The following chart illustrates how an investment of £100,000 would have grown since October 2008. The returns are inclusive of all annual costs but exclusive of the initial advice fee.

When creating investment portfolios we will consider our clients investment requirements and prevailing market conditions at the time of investment, as a consequence no two portfolios will be the same.




## COMENTARY

During December the Adventurous Portfolio rose by 1.0% and the Cautious Portfolio rose by 0.8%. This compares with a rise of 1.0% in the FTSE All Share Index and a fall of 0.5% in the FTSE All Stocks Index. Recording a total return of 12.3% UK equities posted a surprisingly good performance in 2012 and with the inclusion of dividends the FTSE All Share is currently trading at an all-time high. Opinion remains divided as to the direction of the market in the coming year.

According to Invesco Perpetual, US and UK households are deleveraging their debt-to-household income ratios, with the US having declined from a peak of 134% in 2008 to 112.7% in 2012 and the UK reducing from 175% to 146%. By contrast falling tax receipts and rising spending are pushing the ratio of public sector debt to GDP in an upward trajectory.

With much of the developing world dependent upon exports to the west, we do not see any quick fix from the east and are waiting for the tide to turn on government debt before we can feel confident about the prospects for sustained economic growth and investment return.

As usual at this time of year we have updated the asset allocation charts for each portfolio factsheet and reviewed the selection of fund managers employed in each mandate. On this occasion we have not made any manager changes and are happy to allow cash levels to drift up until we find a suitable investment opportunity.

In summary at the start of 2013 we feel as we did at the start of 2012, only one year further on, and as such we believe asset prices will once more move up and down in line with bouts of investor optimism and pessimism, the economy will continue to grow slowly and the end game will be inflation to reduce public debt.

White Hart House Silwood Road. Ascot SL5 0PY t.01344 873254 e.info@blackswanfinancialmanagement.co.uk www.blackswanfinancialmanagement.co.uk

## Specific risks that may affect this portfolio

Investments may use derivative contracts to employ Efficient Portfolio Management (EPM) practices, avail the investment manager with investment flexibility and improve prospective returns. Derivative contracts have a cost and can have a positive or negative effect on performance. (EPM restricts the use of derivatives for the reduction of risk, cost or the generation of additional capital or income with no or acceptable low level of risk).

Investments held in overseas companies will fall and rise directly as a result of exchange rate fluctuations.

Fixed interest securities are particularly affected by trends in interest rates and inflation, this may affect the capital value of the portfolio.

Investments in smaller companies may be less liquid than larger companies and may have more volatile share prices.

High cash holdings will affect performance. If cash is held in a rising market, returns would be less than if the portfolio were fully invested.

Investments may include exposure to emerging markets, which tend to be less well regulated and more volatile than established stock markets.

Investments in fixed interest securities with a low credit rating will carry more risk than investment grade fixed interest.

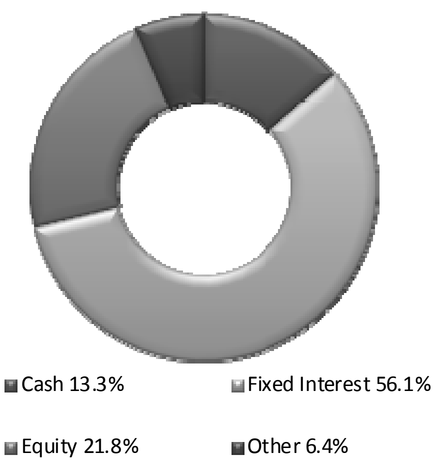
The price at which shares of investment trust companies trade on the stock market is to some extent affected by supply and demand. The price of shares will either be below (trading at a discount) or above (trading at a premium) the underlying asset value for the share – the trust's net asset value. The amount of premium or discount can fluctuate significantly.

Investment trust companies can borrow in order to gear investment return. Gearing can either significantly enhance or reduce returns.

## Portfolio Adjustments

None this quarter

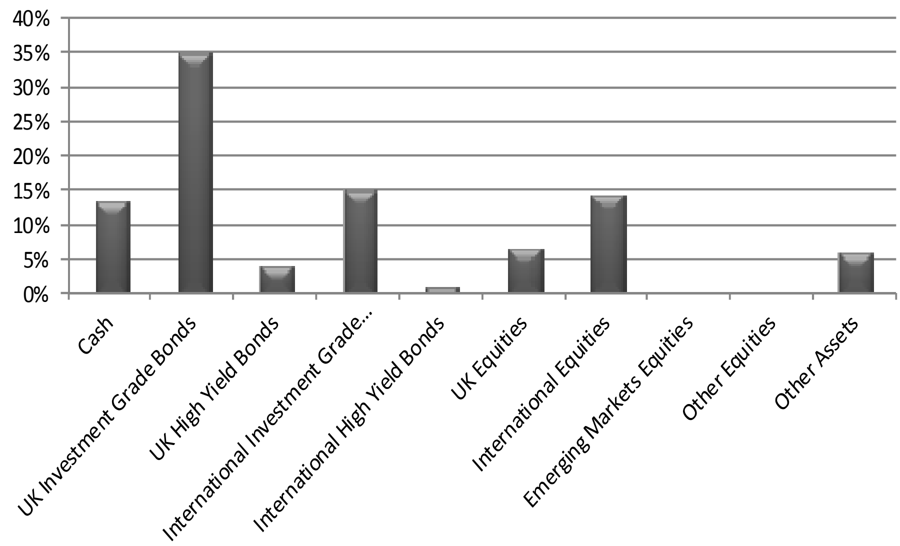
## ASSET ALLOCATION




Allocating investment capital across different assets is an important aspect of portfolio management, this is because it dictates the level of volatility and the ultimate returns a portfolio can achieve.

The accompanying charts display the asset allocation position of a typical cautious portfolio (as at January 2013). The doughnut chart displays the basic asset split and the bar chart provides more detailed information.

The asset allocation of a portfolio will vary on daily basis in accordance with the investment manager's views and as a result of investment returns.




## IMPORTANT INFORMATION

This document has been issued by Black Swan Financial Management, which is authorised and regulated by the Financial Services Authority (466128). It has been prepared solely for information purposes and is not a solicitation or recommendation. The performance statics are drawn from pension investments that offer tax efficient investment returns. Returns from investments held outside a similar tax shelter would be lower.

The information on which the document is based has been obtained from sources that we believe to be reliable and taken in good faith, but we have not independently verified such information and no representation or warranty, express or implied, is made to their accuracy. The investments within the portfolio were made during October 2008 and subsequent data is drawn on the close of business from the first of each month from 01 October 2008.

All opinions and estimates contained in this presentation are those of Black Swan Financial Management. The information contained in this document is published for the assistance of recipients, but is not to be relied upon as authoritative or taken as a substitute for the exercise by the recipient of his or her own judgement or their financial adviser. Please note that prices of investments and the income from them can fall as well as rise and you may not get back the amount originally invested. Past performance is not a guide to future returns which may not be repeated; there can be no guarantee that the objectives of the portfolio will be achieved.

January 2013

# INCOME PORTFOLIO

## Portfolio design & objective

This portfolio aims to produce an income equivalent to that of a high street deposit account, whilst offering potential for capital appreciation over the long term.

We expect that in order to achieve their longer term objectives, a client investing in an income portfolio would wish to strike a balance between their desire for a growing income and investment return, but to achieve their longer term objectives would accept fluctuating capital values that reflect changing market and economic conditions.

Asset diversification is a feature, although such a portfolio will contain significant exposure to high yielding and riskier assets, a fair level of volatility can be expected with positive and negative monthly returns falling within a moderate range.

## Performance Statistics

| Cumulative returns | Current | Best | Worst |
|---|---|---|---|
| 1 - month | 1.0% | 5.1% | -7.1% |
| 3 - month | 2.5% | 13.3% | -5.3% |
| 1 - year | 10.2% | 30.7% | 0.9% |
| 3 - year CAGR* | 8.1% | | |
| CAGR since inception | 9.3% | | |
| Total return | 45.7% | | |
| 3 - year return | 26.4% | | |
| 3 - year volatility** | 6.2% | | |
| Number of positive months | 70.6% | | |

* Compound Annualised Growth Rate
** all volatility figures are annualised

| Discrete performance | | Yield | Total* Return | Volatility |
|---|---|---|---|---|
| 1 year to | Jan-2013 | 3.2% | 10.2% | 1.1% |
| 1 year to | Jan-2012 | 3.1% | 2.9% | 1.9% |
| 1 year to | Jan-2011 | 3.1% | 11.4% | 2.2% |
| 1 year to | Jan-2010 | 3.5% | 18.2% | 2.7% |
| 1 year to | Jan-2009 | N/A | N/A | N/A |

* includes re-invested income

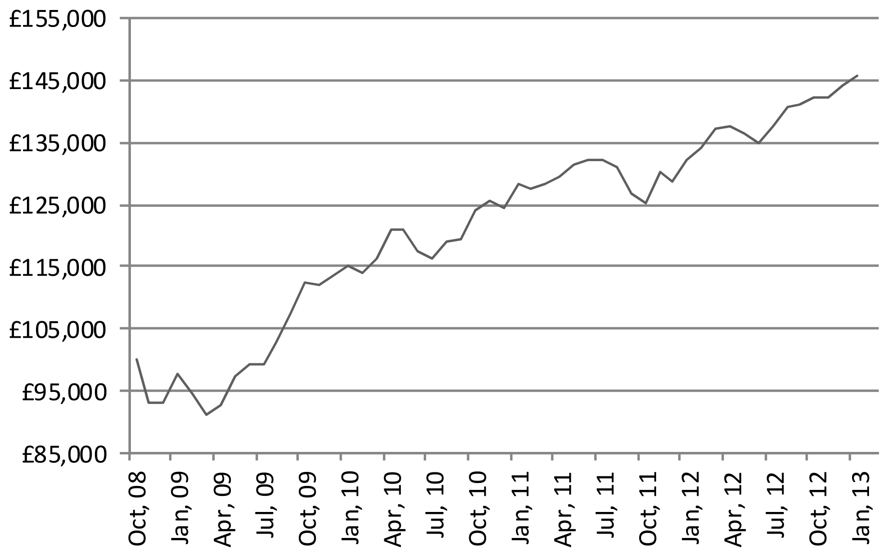
Please note that prices of investments and the income from them can fall as well as rise and you may not get back the amount originally invested. Past performance is not a guide to future returns which may not be repeated; there can be no guarantee that the objectives of the portfolio will be achieved.

## PERFORMANCE

Black Swan Financial Management publicises example portfolio returns to demonstrate our investment capability and illustrate how we manage investment risk through diversification.

The following chart illustrates how an investment of £100,000 would have grown since October 2008. The returns are inclusive of all annual costs but exclusive of the initial advice fee.

When creating investment portfolios we will consider our clients investment requirements and prevailing market conditions at the time of investment, as a consequence no two portfolios will be the same.




## COMMENTARY

During December the Adventurous Portfolio rose by 1.0% and the Cautious Portfolio rose by 0.8%. This compares with a rise of 1.0% in the FTSE All Share Index and a fall of 0.5% in the FTSE All Stocks Index. Recording a total return of 12.3% UK equities posted a surprisingly good performance in 2012 and with the inclusion of dividends the FTSE All Share is currently trading at an all-time high. Opinion remains divided as to the direction of the market in the coming year.

According to Invesco Perpetual, US and UK households are deleveraging their debt-to-household income ratios, with the US having declined from a peak of 134% in 2008 to 112.7% in 2012 and the UK reducing from 175% to 146%. By contrast falling tax receipts and rising spending are pushing the ratio of public sector debt to GDP in an upward trajectory.

With much of the developing world dependent upon exports to the west, we do not see any quick fix from the east and are waiting for the tide to turn on government debt before we can feel confident about the prospects for sustained economic growth and investment return.

As usual at this time of year we have updated the asset allocation charts for each portfolio factsheet and reviewed the selection of fund managers employed in each mandate. On this occasion we have not made any manager changes and are happy to allow cash levels to drift up until we find a suitable investment opportunity.

In summary at the start of 2013 we feel as we did at the start of 2012, only one year further on, and as such we believe asset prices will once more move up and down in line with bouts of investor optimism and pessimism, the economy will continue to grow slowly and the end game will be inflation to reduce public debt.

BLACK SWAN
FINANCIAL MANAGEMENT

## Specific risks that may affect this portfolio

Investments may use derivative contracts to employ Efficient Portfolio Management (EPM) practices, avail the investment manager with investment flexibility and improve prospective returns. Derivative contracts have a cost and can have a positive or negative effect on performance. (EPM restricts the use of derivatives for the reduction of risk, cost or the generation of additional capital or income with no or acceptable low level of risk).

Investments held in overseas companies will fall and rise directly as a result of exchange rate fluctuations.

Fixed interest securities are particularly affected by trends in interest rates and inflation, this may affect the capital value of the portfolio.

Investments in smaller companies may be less liquid than larger companies and may have more volatile share prices.

High cash holdings will affect performance. If cash is held in a rising market, returns would be less than if the portfolio were fully invested.

Investments may include exposure to emerging markets, which tend to be less well regulated and more volatile than established stock markets.

Investments in fixed interest securities with a low credit rating will carry more risk than investment grade fixed interest.

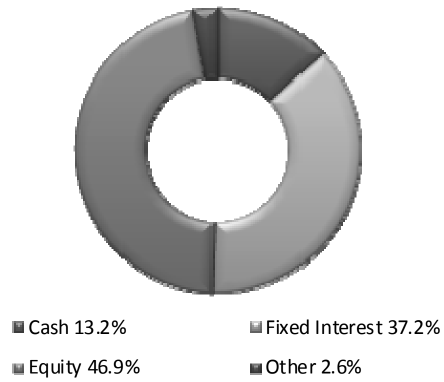
The price at which shares of investment trust companies trade on the stock market is to some extent affected by supply and demand. The price of shares will either be below (trading at a discount) or above (trading at a premium) the underlying asset value for the share – the trust's net asset value. The amount of premium or discount can fluctuate significantly.

Investment trust companies can borrow in order to gear investment return. Gearing can either significantly enhance or reduce returns.

## Portfolio Adjustments

None this quarter.

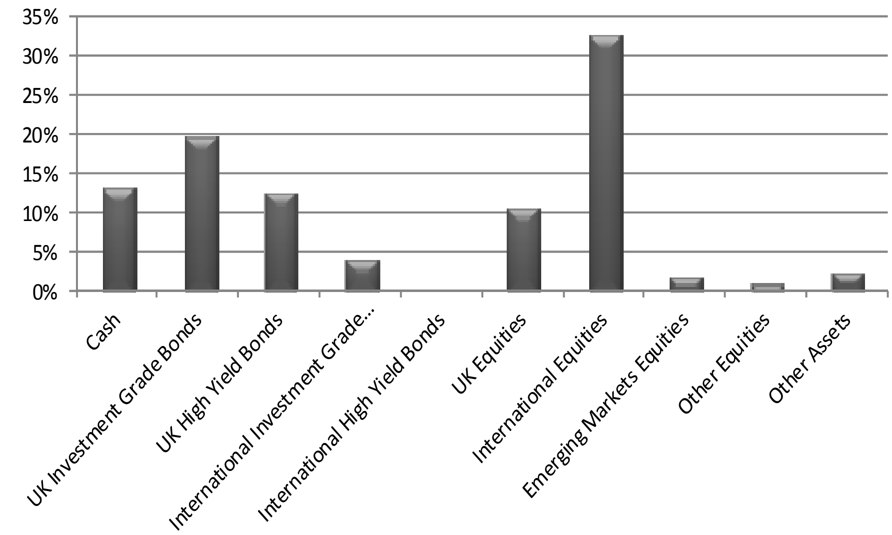
## ASSET ALLOCATION




Allocating investment capital across different assets is an important aspect of portfolio management, this is because it dictates the level of volatility and the ultimate returns a portfolio can achieve.

The accompanying charts display the asset allocation position of a typical income generating portfolio (as at January 2013). The doughnut chart displays the basic asset split and the bar chart provides more detailed information.

The asset allocation of a portfolio will vary on daily basis in accordance with the investment manager's views and as a result of investment returns.




## IMPORTANT INFORMATION

This document has been issued by Black Swan Financial Management, which is authorised and regulated by the Financial Services Authority (466128). It has been prepared solely for information purposes and is not a solicitation or recommendation. The performance statics are drawn from pension investments that offer tax efficient investment returns. Returns from investments held outside a similar tax shelter would be lower.

The information on which the document is based has been obtained from sources that we believe to be reliable and taken in good faith, but we have not independently verified such information and no representation or warranty, express or implied, is made to their accuracy. The investments within the portfolio were made during October 2008 and subsequent data is drawn on the close of business from the first of each month from 01 October 2008.

All opinions and estimates contained in this presentation are those of Black Swan Financial Management. The information contained in this document is published for the assistance of recipients, but is not to be relied upon as authoritative or taken as a substitute for the exercise by the recipient of his or her own judgement or their financial adviser. Please note that prices of investments and the income from them can fall as well as rise and you may not get back the amount originally invested. Past performance is not a guide to future returns which may not be repeated; there can be no guarantee that the objectives of the portfolio will be achieved.

# Moderately Adventurous Portfolio

## Portfolio design & objective

This portfolio aims to achieve returns that are a significantly higher than those available from a high street deposit account, offering potentially strong real returns over the long term.

We expect that in order to achieve their longer term objectives, a client investing in this type of portfolio would hold capital protection as significantly less important than investment return and as a consequence would be unconcerned by capital values moving with market and economic conditions.

Asset diversification here is minimal, with predominant exposure to riskier assets relatively high levels of volatility can be expected, with a broad range of positive and negative monthly returns.

## Performance Statistics

| Cumulative returns | Current | Best | Worst |
|---|---|---|---|
| 1 - month | 0.3% | 9.8% | -6.6% |
| 3 - month | 1.0% | 14.8% | -6.2% |
| 1 - year | 5.9% | 33.2% | -1.7% |
| 3 - year CAGR* | 6.4% | | |
| CAGR since inception | 10.3% | | |
| Total return | 51.6% | | |
| 3 - year return | 20.5% | | |
| 3 - year volatility** | 8.0% | | |
| Number of positive months | 62.7% | | |

| Discrete performance | Return | Volatility |
|---|---|---|
| 1 year to Jan-2013 | 5.9% | 1.3% |
| 1 year to Jan-2012 | -1.7% | 2.2% |
| 1 year to Jan-2011 | 15.8% | 2.9% |
| 1 year to Jan-2010 | 18.3% | 3.9% |
| 1 year to Jan-2009 | N/A | N/A |

* Compound Annualised Growth Rate

** annual/annualised volatility

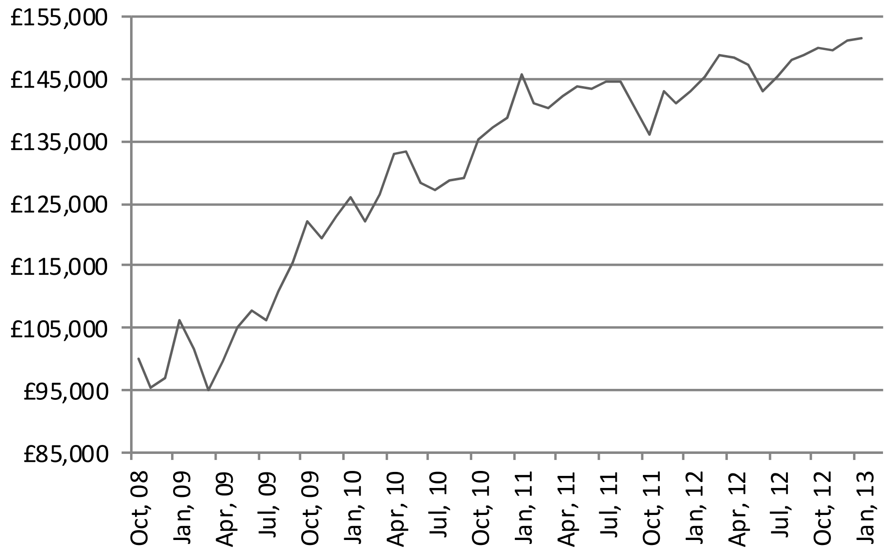
Please note that prices of investments and the income from them can fall as well as rise and you may not get back the amount originally invested. Past performance is not a guide to future returns which may not be repeated; there can be no guarantee that the objectives of the portfolio will be achieved.

## PERFORMANCE

Black Swan Financial Management publicises example portfolio returns to demonstrate our investment capability and illustrate how we manage investment risk through diversification.

The following chart illustrates how an investment of £100,000 would have grown since October 2008. The returns are inclusive of all annual costs but exclusive of the initial advice fee.

When creating investment portfolios we will consider our clients investment requirements and prevailing market conditions at the time of investment, as a consequence no two portfolios will be the same.




## COMMENTARY

During December the Adventurous Portfolio rose by 1.0% and the Cautious Portfolio rose by 0.8%. This compares with a rise of 1.0% in the FTSE All Share Index and a fall of 0.5% in the FTSE All Stocks Index. Recording a total return of 12.3% UK equities posted a surprisingly good performance in 2012 and with the inclusion of dividends the FTSE All Share is currently trading at an all-time high. Opinion remains divided as to the direction of the market in the coming year.

According to Invesco Perpetual, US and UK households are deleveraging their debt-to-household income ratios, with the US having declined from a peak of 134% in 2008 to 112.7% in 2012 and the UK reducing from 175% to 146%. By contrast falling tax receipts and rising spending are pushing the ratio of public sector debt to GDP in an upward trajectory.

With much of the developing world dependent upon exports to the west, we do not see any quick fix from the east and are waiting for the tide to turn on government debt before we can feel confident about the prospects for sustained economic growth and investment return.

As usual at this time of year we have updated the asset allocation charts for each portfolio factsheet and reviewed the selection of fund managers employed in each mandate. On this occasion we have not made any manager changes and are happy to allow cash levels to drift up until we find a suitable investment opportunity.

In summary at the start of 2013 we feel as we did at the start of 2012, only one year further on, and as such we believe asset prices will once more move up and down in line with bouts of investor optimism and pessimism, the economy will continue to grow slowly and the end game will be inflation to reduce public debt.

BLACK SWAN
FINANCIAL MANAGEMENT

## Specific risks that may affect this portfolio

Investments may use derivative contracts to employ Efficient Portfolio Management (EPM) practices, avail the investment manager with investment flexibility and improve prospective returns. Derivative contracts have a cost and can have a positive or negative effect on performance. (EPM restricts the use of derivatives for the reduction of risk, cost or the generation of additional capital or income with no or acceptable low level of risk).

Investments held in overseas companies will fall and rise directly as a result of exchange rate fluctuations.

Fixed interest securities are particularly affected by trends in interest rates and inflation, this may affect the capital value of the portfolio.

Investments in smaller companies may be less liquid than larger companies and may have more volatile share prices.

High cash holdings will affect performance. If cash is held in a rising market, returns would be less than if the portfolio were fully invested.

Investments are likely to include exposure to emerging markets, which tend to be less well regulated and more volatile than established stock markets.

Investments in fixed interest securities with a low credit rating will carry more risk than investment grade fixed interest.

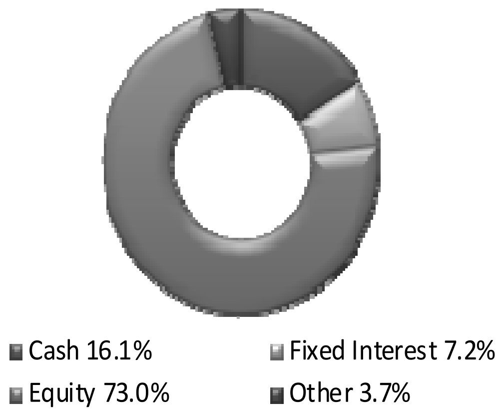
The price at which shares of investment trust companies trade on the stock market is to some extent affected by supply and demand. The price of shares will either be below (trading at a discount) or above (trading at a premium) the underlying asset value for the share – the trust's net asset value. The amount of premium or discount can fluctuate significantly.

Investment trust companies can borrow in order to gear investment return. Gearing can either significantly enhance or reduce returns.

## Portfolio Adjustments

None this quarter

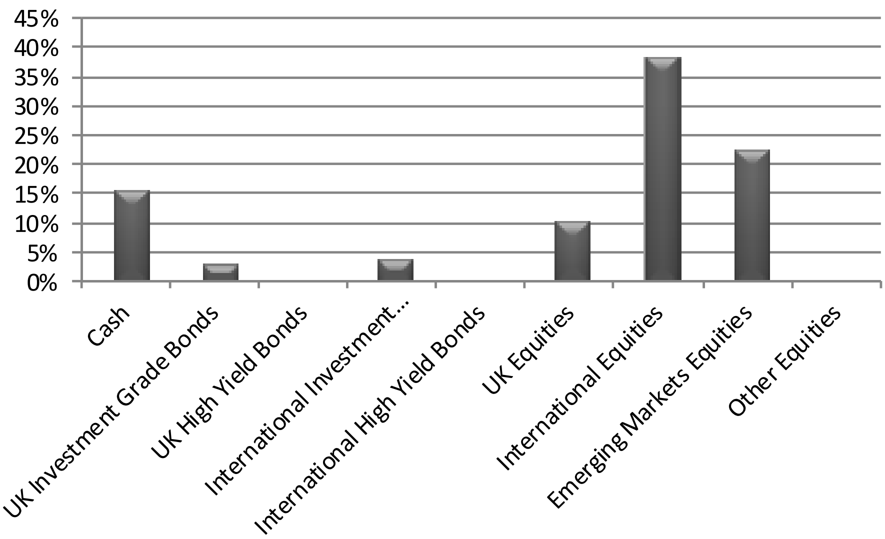
## ASSET ALLOCATION




Allocating investment capital across different assets is an important aspect of portfolio management, this is because it dictates the level of volatility and the ultimate returns a portfolio can achieve.

The accompanying charts display the asset allocation position of a typical moderately adventurous portfolio (as at January 2013). The doughnut chart displays the basic asset split and the bar chart provides more detailed information.

The asset allocation of a portfolio will vary on daily basis in accordance with the investment manager's views and as a result of investment returns.




## IMPORTANT INFORMATION

This document has been issued by Black Swan Financial Management, which is authorised and regulated by the Financial Services Authority (466128). It has been prepared solely for information purposes and is not a solicitation or recommendation. The performance statics are drawn from pension investments that offer tax efficient investment returns. Returns from investments held outside a similar tax shelter would be lower.

The information on which the document is based has been obtained from sources that we believe to be reliable and taken in good faith, but we have not independently verified such information and no representation or warranty, express or implied, is made to their accuracy. The investments within the portfolio were made during October 2008 and subsequent data is drawn on the close of business from the first of each month from 01 October 2008.

All opinions and estimates contained in this presentation are those of Black Swan Financial Management. The information contained in this document is published for the assistance of recipients, but is not to be relied upon as authoritative or taken as a substitute for the exercise by the recipient of his or her own judgement or their financial adviser. Please note that prices of investments and the income from them can fall as well as rise and you may not get back the amount originally invested. Past performance is not a guide to future returns which may not be repeated; there can be no guarantee that the objectives of the portfolio will be achieved.

January 2013

# Moderately Cautious Portfolio

## Portfolio design & objective

This portfolio aims to achieve returns that are higher than those available from a high street deposit account, whilst offering potential for real returns over the long term.

We expect that a client investing in a moderately cautious portfolio would prioritise capital preservation above investment return, but to achieve their longer term objectives would accept fluctuating capital values that reflect changing market and economic conditions.

With wide diversification and a reasonable exposure to riskier assets, the portfolio should exhibit relatively low levels of volatility, positive and negative monthly returns should fall within a moderately narrow range.

## Performance Statistics

| Cumulative returns | Current | Best | Worst |
|---|---|---|---|
| 1 - month | 0.4% | 7.2% | -4.3% |
| 3 - month | 1.8% | 10.2% | -5.4% |
| 1 - year | 5.6% | 24.0% | -0.3% |
| 3 - year CAGR* | 4.9% | | |
| CAGR since inception | 7.8% | | |
| Total return | 37.8% | | |
| 3 - year return | 15.4% | | |
| 3 - year volatility** | 4.6% | | |
| Number of positive months | 68.6% | | |

| Discrete performance | Return | Volatility |
|---|---|---|
| 1 year to Jan-2013 | 5.6% | 0.8% |
| 1 year to Jan-2012 | -0.3% | 1.5% |
| 1 year to Jan-2011 | 9.6% | 1.5% |
| 1 year to Jan-2010 | 11.9% | 2.3% |
| 1 year to Jan-2009 | N/A | N/A |

* Compound Annualised Growth Rate

** annual/annualised volatility

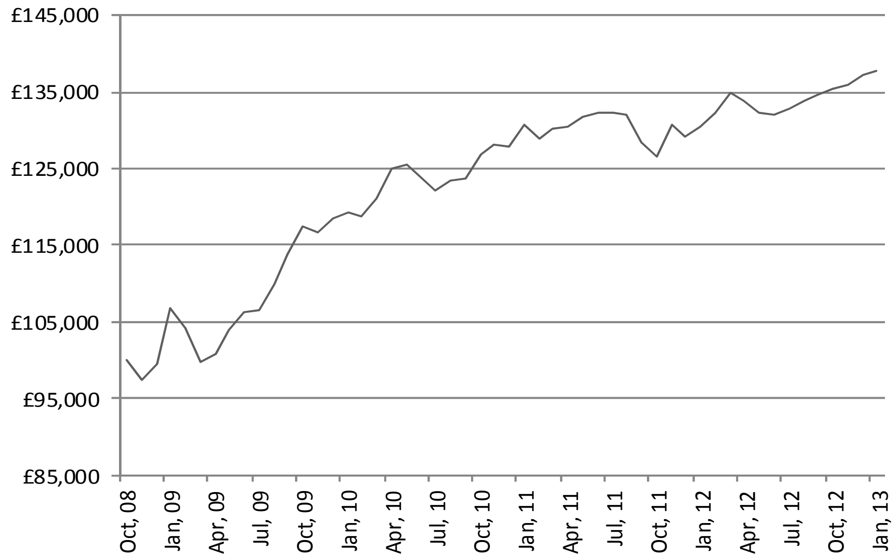
Please note that prices of investments and the income from them can fall as well as rise and you may not get back the amount originally invested. Past performance is not a guide to future returns which may not be repeated; there can be no guarantee that the objectives of the portfolio will be achieved.

## PERFORMANCE

Black Swan Financial Management publicises example portfolio returns to demonstrate our investment capability and illustrate how we manage investment risk through diversification.

The following chart illustrates how an investment of £100,000 would have grown since October 2008. The returns are inclusive of all annual costs but exclusive of the initial advice fee.

When creating investment portfolios we will consider our clients investment requirements and prevailing market conditions at the time of investment, as a consequence no two portfolios will be the same.




## COMMENTARY

During December the Adventurous Portfolio rose by 1.0% and the Cautious Portfolio rose by 0.8%. This compares with a rise of 1.0% in the FTSE All Share Index and a fall of 0.5% in the FTSE All Stocks Index. Recording a total return of 12.3% UK equities posted a surprisingly good performance in 2012 and with the inclusion of dividends the FTSE All Share is currently trading at an all-time high. Opinion remains divided as to the direction of the market in the coming year.

According to Invesco Perpetual, US and UK households are deleveraging their debt-to-household income ratios, with the US having declined from a peak of 134% in 2008 to 112.7% in 2012 and the UK reducing from 175% to 146%. By contrast falling tax receipts and rising spending are pushing the ratio of public sector debt to GDP in an upward trajectory.

With much of the developing world dependent upon exports to the west, we do not see any quick fix from the east and are waiting for the tide to turn on government debt before we can feel confident about the prospects for sustained economic growth and investment return.

As usual at this time of year we have updated the asset allocation charts for each portfolio factsheet and reviewed the selection of fund managers employed in each mandate. On this occasion we have not made any manager changes and are happy to allow cash levels to drift up until we find a suitable investment opportunity.

In summary at the start of 2013 we feel as we did at the start of 2012, only one year further on, and as such we believe asset prices will once more move up and down in line with bouts of investor optimism and pessimism, the economy will continue to grow slowly and the end game will be inflation to reduce public debt.

BLACK SWAN
FINANCIAL MANAGEMENT

## Specific risks that may affect this portfolio

Investments may use derivative contracts to employ Efficient Portfolio Management (EPM) practices, avail the investment manager with investment flexibility and improve prospective returns. Derivative contracts have a cost and can have a positive or negative effect on performance. (EPM restricts the use of derivatives for the reduction of risk, cost or the generation of additional capital or income with no or acceptable low level of risk).

Investments held in overseas companies will fall and rise directly as a result of exchange rate fluctuations.

Fixed interest securities are particularly affected by trends in interest rates and inflation, this may affect the capital value of the portfolio.

Investments in smaller companies may be less liquid than larger companies and may have more volatile share prices.

High cash holdings will affect performance. If cash is held in a rising market, returns would be less than if the portfolio were fully invested.

Investments may include exposure to emerging markets, which tend to be less well regulated and more volatile than established stock markets.

Investments in fixed interest securities with a low credit rating will carry more risk than investment grade fixed interest.

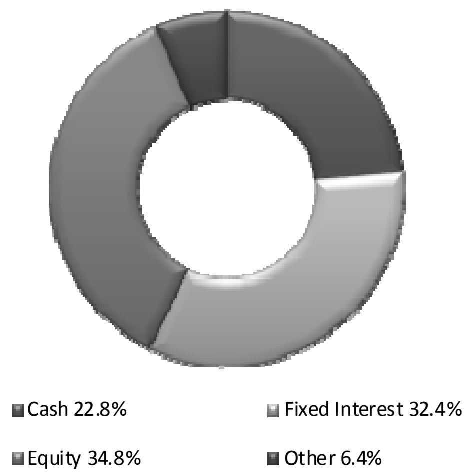
The price at which shares of investment trust companies trade on the stock market is to some extent affected by supply and demand. The price of shares will either be below (trading at a discount) or above (trading at a premium) the underlying asset value for the share – the trust's net asset value. The amount of premium or discount can fluctuate significantly.

Investment trust companies can borrow in order to gear investment return. Gearing can either significantly enhance or reduce returns.

## Portfolio Adjustments

None this quarter

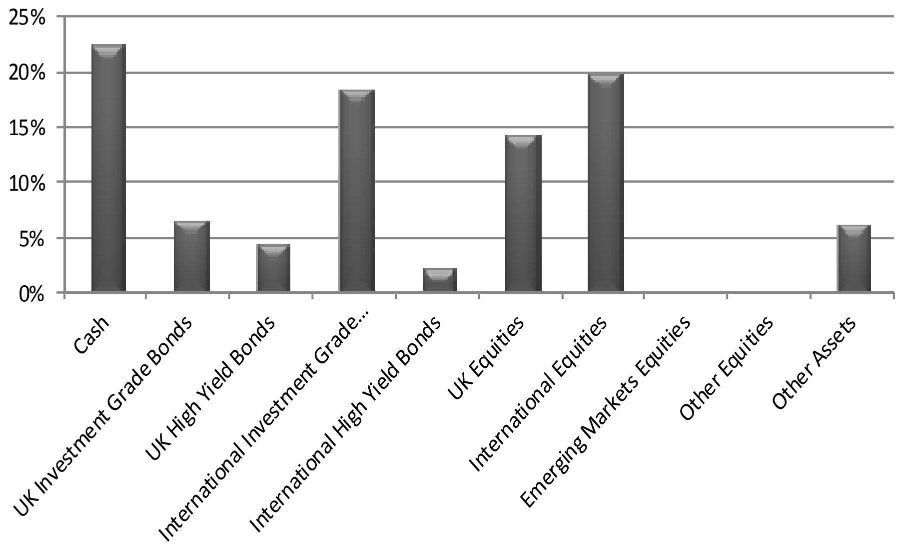
## ASSET ALLOCATION




Allocating investment capital across different assets is an important aspect of portfolio management, this is because it dictates the level of volatility and the ultimate returns a portfolio can achieve.

The accompanying charts display the asset allocation position of a typical moderately cautious portfolio (as at January 2013). The doughnut chart displays the basic asset split and the bar chart provides more detailed information.

The asset allocation of a portfolio will vary on daily basis in accordance with the investment manager's views and as a result of investment returns.




## IMPORTANT INFORMATION

This document has been issued by Black Swan Financial Management, which is authorised and regulated by the Financial Services Authority (466128). It has been prepared solely for information purposes and is not a solicitation or recommendation. The performance statics are drawn from pension investments that offer tax efficient investment returns. Returns from investments held outside a similar tax shelter would be lower.

The information on which the document is based has been obtained from sources that we believe to be reliable and taken in good faith, but we have not independently verified such information and no representation or warranty, express or implied, is made to their accuracy. The investments within the portfolio were made during October 2008 and subsequent data is drawn on the close of business from the first of each month from 01 October 2008.

All opinions and estimates contained in this presentation are those of Black Swan Financial Management. The information contained in this document is published for the assistance of recipients, but is not to be relied upon as authoritative or taken as a substitute for the exercise by the recipient of his or her own judgement or their financial adviser. Please note that prices of investments and the income from them can fall as well as rise and you may not get back the amount originally invested. Past performance is not a guide to future returns which may not be repeated; there can be no guarantee that the objectives of the portfolio will be achieved.