

Diversified Growth Portfolio

August 2008



Objectives

To generate consistent attractive returns over the long term while maintaining low volatility and preserving capital. The intention is to provide a 'core' portfolio of diversified assets around which clients can hold complementary investments including syndicated property and other specialist structures.

Investment philosophy

We focus primarily on the generation of absolute returns for clients, with an emphasis on lower volatility. The Diversified Growth Portfolio consists of what we consider the optimal allocation across an array of differently correlated asset classes and instruments:

Absolute return funds are intended to preserve capital and to deliver attractive returns independently of the equity and bond markets;

Equity investments are intended to represent the best risk-adjusted growth opportunities from within the international equity arena;

Cash and bond investments are intended to preserve capital in real terms and generate income;

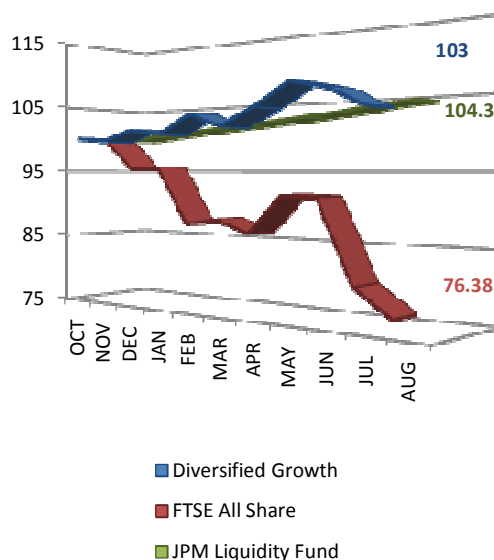
Natural resources investments are intended to deliver attractive returns from assets less highly correlated to traditional markets;

Private equity investments are intended to deliver attractive long term returns from amongst the best managers operating in the private equity world.

Investment commentary

Weakness within the Anglo-Saxon banking and housing markets persists, which leaves us cautious with regard to investment in these areas, and also in retailing and consumer-sensitive stocks. Bond markets appear wrong-footed by inflationary pressure and the policy response from central banks, leaving us focused on inflation protection as opposed to conventional bond exposure. This macro backdrop leaves us with core exposures to diversified hedge funds, particularly global macro and CTAs. Natural resources markets retain some attractions although the oil price is starting to look like topping out, which would help sentiment towards equity markets.

Cumulative performance



Discrete performance

	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	Annualised Return	Since Inception
Diversified Growth	100	99.53	101	100.3	103	101.2	103.6	106.6	105.5	103			3.60	3.00
FTSE All Share	100	95.28	95.53	87.26	87.97	86.23	91.65	91.51	79.97	76.38			-28.34	-23.62
JPM Liquidity Fund	100	100.5	101	101.4	101.9	102.3	102.7	103.2	103.9	104.3			5.18	4.32

Performance quoted net of fees, with indices rebased to 100. The JPM Sterling Liquidity Fund is shown as a proxy for cash.

FTSE performance is shown for reference only.

Sectors and weightings

Absolute return funds 28%

Diversified funds of hedge funds	20%
Global macro hedge fund	4%
Managed futures fund	4%

Equities 38%

Diversified international funds	19%
UK 'Alpha' fund	3%
UK energy and energy services stocks	6%
US infrastructure, engineering & construction stocks	6%
US energy stocks	4%

Cash and bonds 14%

Tactical cash	5%
Money market funds	3%
UK inflation-linked securities	3%
International inflation-linked securities	3%

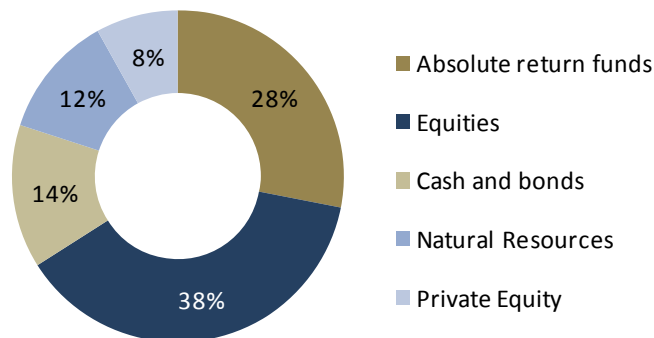
Natural Resources 12%

Physical precious metals	4%
Infrastructure investments	4%
Agribusiness investments	4%

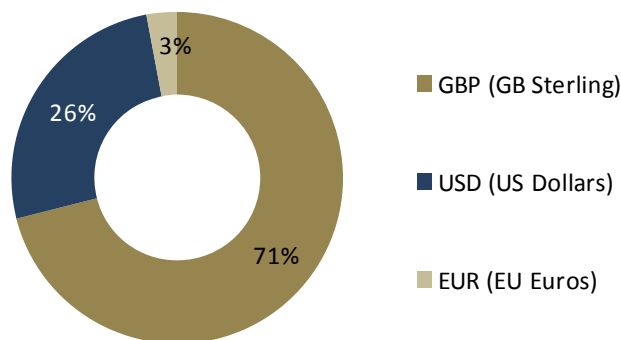
Private Equity 8%

Diversified private equity funds	8%
----------------------------------	----

Asset class allocation



Currency allocation



For further information please contact:

www.pfpg.co.uk

London
+44 (0)207 400 1860

Harrogate
+44 (0)1423 523311

Important information

This information is for illustrative purposes only and based on a model portfolio.

Data on the Diversified Growth Portfolio and its performance is sourced by PFP Wealth Management.

The material contained in this document is based on data obtained from sources considered reliable and believed to be correct as at the date of issue, but its accuracy or completeness is not guaranteed. Investors are reminded that past performance of any investment is not a guide to future returns.

This document is communicated by PFP Wealth Management. PFP Wealth Management is authorised and regulated by the Financial Services Authority, registered number 473710.