THE IVEAGH WEALTH FUND

IVEAGH
PRIVATE INVESTMENT HOUSE

CHURCHILL & PARTNERS
INDEPENDENT FINANCIAL SERVICES

STANDARD & POOR'S AA FUND MANAGEMENT RATING

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FUND DESCRIPTION

- Fund's objective is to target returns of approximately 10% (or 7% real) annualised over a market cycle, net of fees.
- The Fund gives exposure to all major asset classes, worldwide. Making extensive use of ETFs (Exchange Traded Funds) to obtain maximum diversification at minimum cost, it is typically suitable as a stand-alone portfolio, or as the core to an integrated investment strategy.
- It is a UCITS III fund with UK distributor status on certain share classes, thus eligible for UK CGT tax treatment. Although designed for long term investors, it offers the flexibility of daily dealing.

FUND SIZE: £229.1 M

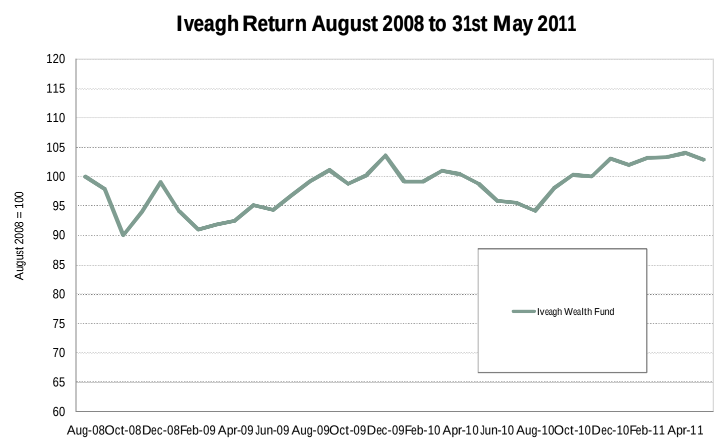
Performance as of 31 May					
Returns	*Last 3 Months*	*Last 6 Months*	*Last 9 Months*	*Last 12 Months*	*Since Launch*
Iveagh Wealth Fund	**-0.4%**	**2.9%**	**9.1%**	**4.2%**	**2.8%**

Volatility
Last 12 Months
6.7%

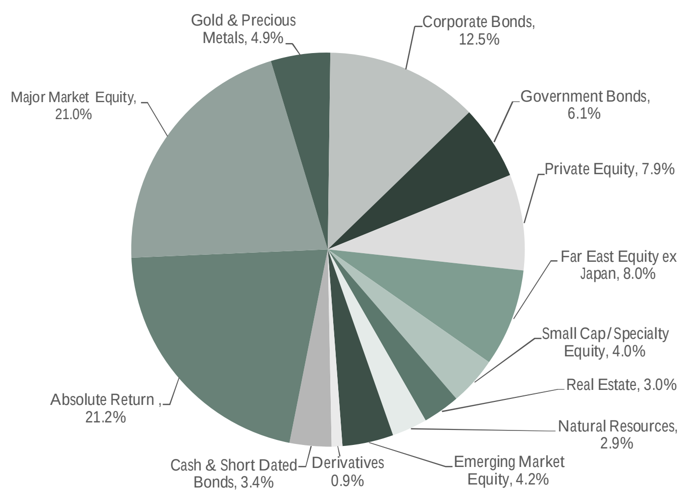
Annual Performance		
	Sep 08-Sep 09	Sep 09-Sep 10
Iveagh Wealth Fund	**-2.1%**	**-2.8%**

Source: Iveagh. Launch date of fund September 2008 for Annual Performance results. Volatility is calculated as the month on month variation in investment returns – the lower the variation in returns the lower the volatility figure. The value of investments may fall as well as rise and you may not get back your original investment. Past performance should not be viewed as a guide to future performance.

IVEAGH WEALTH FUND COMPARATIVE PERFORMANCE



IVEAGH WEALTH FUND ASSET ALLOCATION



INVESTMENT TERMS

Investment Manager	*Iveagh Ltd/UK*
Regulator	*FSA*
Inception Date	*September 1, 2008*
Domicile / Structure	*Ireland/UCITS III*
Listing	*Irish Stock Exchange*
Currency Classes	*Euro, Sterling, USD, CHF*
Initial Investment Minimum (per currency)	*50,000*
Subscription Frequency	*Daily*
Redemption Frequency	*Daily*
Redemption Notice Period	No
Lock-up Period	*No*

WWW.IVEAGHWEALTH.COM

Please visit www.iveaghwealth.com for further information on the fund including:

- NAV Data & Performance
- ISIN & SEDOL codes for all share classes
- Videos & Podcasts
- Investment Commentary

Fund Manager *Chris Wyllie*
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Investor Relations *Darlene Bowen*
darlene.bowen@iveaghltd.com

Management Fee	*1.50%*
Performance Fee	*10% over hurdle*
Redemption Fee	*No*
Hurdle Rate	*3 month USD Libor*

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MAY 2011

STANDARD & POOR'S AA FUND MANAGEMENT RATING

IVEAGH INVESTMENT PROCESS INPUT SUMMARY

Macro Models

Market Intelligence

Valuation

Technical Analysis

MARKET COMMENTARY

Last month we said that our process was starting to produce some signals suggesting that the investment climate could become less favourable over the summer months. In particular, our global growth indicator was pointing to the first meaningful deceleration since 2009. This inclined us to take profits, but at that stage was not enough to warrant major asset allocation shifts, not least because other parts of our process (such as valuation and technical analysis), remained more upbeat. We resolved to wait and see whether these more cautious straws in the wind started to gather into something more consequential.

Since then, the economic news has certainly taken on a weaker tone, suggesting our indicators were on to something. In particular, we have had a run of data out of the States which is consistent with the manufacturing sector being in the early stages of a slowdown. This was enough to give equity markets pause for thought (MSCI World -2.5%), but the asset class which reacted most decisively was the bond market, which rallied strongly. US 10 year bond yields have fallen back to 3%, which would appear to imply that bond investors are beginning to conclude that a lack of sustainable growth is a bigger issue than the current outburst of inflation. In this regard a gap seems to be opening up between the perceptions of equity and bond investors.

Returning to our process signals, May saw little change in our growth indicators for the month of August (our indicators looking as they do 3 months hence). We have now had our first insights into September, and the picture is that the deceleration has gained a bit more breadth and momentum. Previously, the US had been the one region still showing a slight acceleration, but it has now joined the other regions of the world in pointing in the other direction. The overall deceleration is still not unduly pronounced, and it is not yet of a magnitude which clearly differentiates it from a normal mid-cycle pause. However, it is a concern that this slowdown is occurring against the backdrop of resurgent inflation, and before the Western monetary authorities have taken any meaningful steps to contain it. It may be that commodity prices have done the work of the central banks for them, by squeezing the discretionary spending of Western consumers, and we will have a self-correcting mini-cycle which will resolve itself through lower commodity prices (of which there are signs in markets already). Nevertheless, if equity investors get the sense that a downturn is taking hold even as monetary policy remains very loose, and hence central banks have no ammunition left to turn things around, sentiment could deteriorate very rapidly.

This brings us on to the subject of Quantitative Easing. The Fed has already indicated that their second bout of QE will end later this month. Already, however, the talk is turning to QE III. This talk does seem to have provided support to equity markets, on the grounds that if the economic news gets too bad, the Fed will simply step in and provide more liquidity, as they did in August last year. This is a significant deterrent to getting too bearish. However, we note that the inflationary backdrop in the US is very different now to last summer, when consumer price inflation was around 1% (currently 3.2%). The Fed would also have to overcome more political opposition than last year, notwithstanding its supposed independence. QE III may not be quite the shoe-in equity investors think.

Our process traffic lights now have more ambers than green. This month we have moved technical analysis down to amber from green, because a number of markets have fallen to key support levels, and one or two have actually broken down. However, a notable exception is the US, which has been the best performing major market this year and is still in a bullish channel. It would also be wrong to get too bearish from a broad technical perspective given that most markets continue to exhibit bull market structures. Meanwhile valuation remains good, albeit with the ongoing caveat that it depends on currently high profit margins being sustained. In particular, we note that equity dividend yields in Europe and the UK have now risen to the point that they exceed government bond yields. This is a fairly rare occurrence, and has been a reliable buy signal for equities in the past, albeit with differing lead times.

In conclusion, there can be no doubt that the outlook as defined by our process has deteriorated some more, but we cannot yet describe ourselves as gloomy. In the light of this, we have trimmed our equity positions and reinforced the defensive backbone of the portfolio, mainly through carefully selected bonds. The volatility of the fund over the last 30 days has been 5.0% (annualized), which is suitably low and reflects the benefits of the fund's diversification.