27th July 2011

Our ref: MK/RD/Q211

Mr & Mrs A N Other
123 ACB Street
London
NE1 2BA

Dear Mr & Mrs Other

Re: MPL Portfolio Valuation – 123456789.1

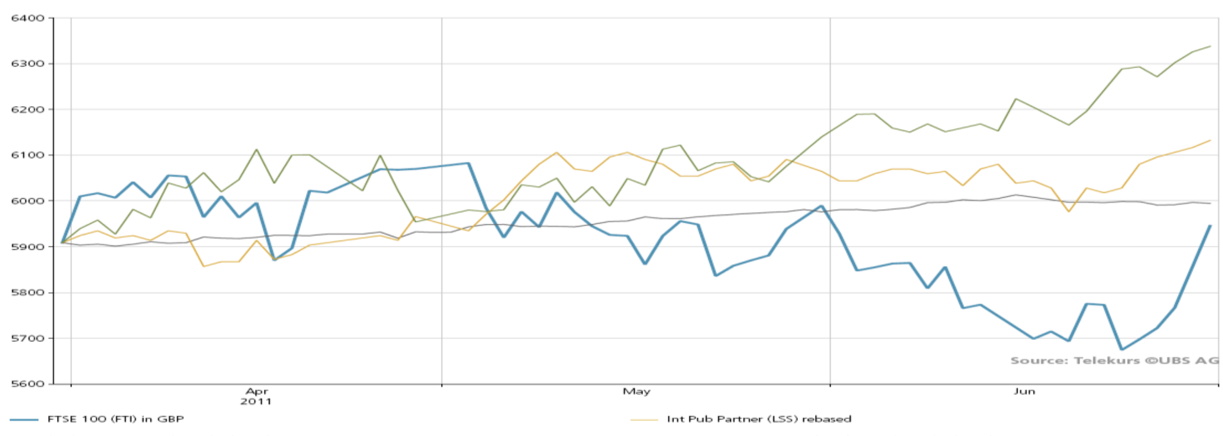
Findings

In the period from 31st March 2011 to 30th June 2011, the portfolio has risen *.**% (net of charges) in comparison to a (gross) rise in the FTSE Actuaries All Share Index of 1.91% and an increase in the UK Gilt All Stocks Index of 1.66% (gross).

Market Review

The merits of a well diversified portfolio being spread not only across various asset classes, but also across different sector components within those asset classes, have borne fruit in the last quarter. The macro-economic problems in Europe and the United States continue to rattle investor sentiment, with ultra short term swings in financial markets being the end product.

Comparison of the FTSE 100 to other asset classes
31st March – 30th June 2011



The chart above indicates how some of the volatility experienced in the last quarter has been reduced by the spread of assets in MPL client portfolios. Whilst equity markets performed erratically for the majority of the quarter, portfolio performance was driven in a much less volatile fashion in areas such as emerging market debt; index-linked gilts; and infrastructure.

We believe that the decision to employ a greater level of risk in portfolios earlier this year continues to be correct as portfolio growth remains difficult to achieve in the current climate. However, as the last quarter has shown, it is vital that portfolios' risk levels continue to be closely monitored, whilst being mitigated through investment into other asset classes.

This approach is borne out by the fact that the macro economic problems, so briefly recounted above, will remain with us over the longer term. Indeed, the panic that these problems will continue to induce in investor minds over the short term overshadows the good work that many company executives are doing on a micro level that will ultimately result in equity growth.

In Europe, Euro-zone leaders have devised a package lengthening the repayment of loans to Greece from 7.5 years to a minimum of 15 years, whilst reducing the rate on additional loans through the European Financial Stability Facility (EFSF) from 5.5% to 3.5%.

The EFSF will also be able to purchase bonds in the secondary market ((something the European Central Bank (ECB) cannot do at present), which should offer more stability to the debt markets of Greece and other peripheral European nations in the shorter term, whilst being able to exchange up-to 90% of short-dated Greek bonds for longer dated bonds.

There is still a large question mark over whether or not ratings agencies such as Moody's and Standard & Poor's will denote this action as a default by the Greek government on their debt repayments.

The United States has its fair share of problems too. It faces a race against time to avoid a default as the 2nd August deadline for raising the government's $14.3 trillion debt ceiling draws ever nearer (the country would not be able to service its debt after this date unless the debt ceiling is increased).

The two political parties in the US (the Republicans and Democrats) are at loggerheads over a plan to deliver cuts in the US annual deficit, whilst raising the legal debt ceiling to address the country's debt obligations in the short term. In the current negotiations to reduce the $1.5 trillion annual US government deficit, some Republicans are holding out for stronger spending cuts in lieu of tax rises, whilst pushing for a two-step agreement that will first meet the 2nd August deadline, then allow talks to resume on a longer-term plan after this point. President Obama opposes a short-term plan, pushing for a deal which would provide the US government with funds to service debts beyond the next US Presidential election in November 2012.

The likelihood is that the short term fixes proposed in Europe and the United States will be implemented. Over the longer term, these issues remain unresolved and will play a large part in the volatility we are experiencing in global markets currently and over the longer term. This background gives further credence to an investment approach involving good asset allocation across various assets classes

MPL Asset Allocation

Fixed Income

In an attempt to take advantage of weakened equity market conditions, we have taken some profits from our overweight emerging market debt position moving to a more neutral stance here.

Equity

The proceeds from the above sales were invested into the commodity and technology sectors. We believe that these areas will provide growth opportunities going forward, taking advantage of recent macro-induced market weakness, which has over-discounted the excellent prospects that companies within these sectors offer to client portfolios.

With kind regards

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