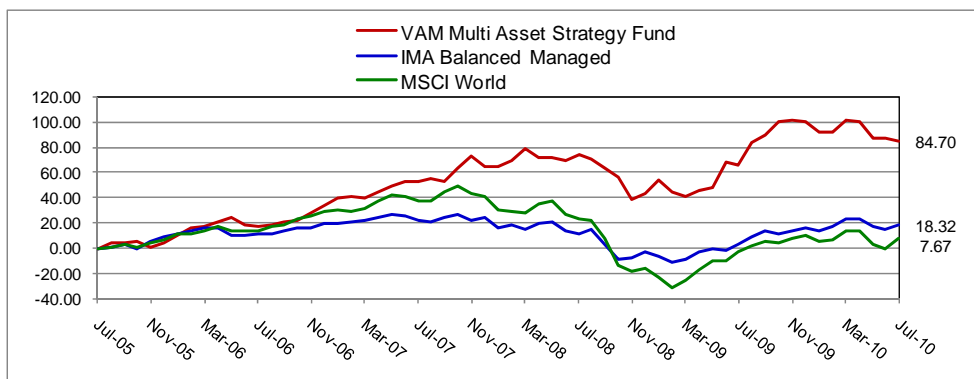


## INVESTMENT OBJECTIVE

The investment objective of the Fund is to achieve long term capital appreciation whilst simultaneously retaining a focus on capital preservation. The Fund will invest in equities, bonds, commodity ETFs, bonds and index futures, with an active country selection. Systematic interpretation of Intrinsic Value measurements provides discipline of investing according to Intrinsic Value on an objective and unemotional basis.

As from 1<sup>st</sup> December 2009, the VAM Balanced Fund changed its name to the VAM Multi Asset Strategy Fund and Valu-Trac Investment Management Limited was appointed as Investment Manager. The Fund's Strategy was converted to the Valu-Trac Investment strategy and style. Historical performance of the VAM Balanced Fund is available from VAM Marketing Limited or Fund Databases such as Bloomberg, Morningstar etc. Please refer to page two for the Investment Objective of the former VAM Balanced Fund.

## SIMULATED FUND PERFORMANCE\*\*



This chart represents the simulated performance of the VAM Multi Asset Strategy Fund model up until 31<sup>st</sup> October 2009.

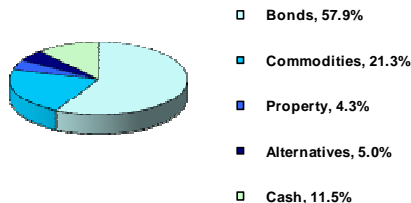
## PERFORMANCE HISTORY

ANNUAL TOTAL RETURN	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
VAM Multi Asset Strategy**	-0.5%	-6.1%	16.3%	27.2%	19.5%	10.2%	27.0%	17.9%	-6.7%	34.6%	-7.9%
IMA Balanced Managed	-2.4%	-10.9%	-17.7%	17.4%	9.0%	19.8%	9.8%	4.1%	-21.8%	20.0%	1.4%
MSCI World	-12.9%	-16.5%	-19.5%	33.8%	15.3%	10.0%	20.7%	9.6%	-40.3%	30.8%	-2.2%

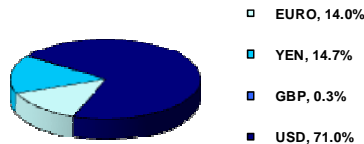
## FUND PERFORMANCE

	Jul	QTD	YTD	1 Year	Annualised		
					2 Year	3 Year	5 Year
VAM Multi Asset Strategy (Fund)**	-1.23%	-1.23%	-7.91%	9.59%	2.06%	5.21%	9.14%
IMA Balanced Managed (Index)	2.96%	2.96%	1.44%	14.62%	3.03%	-1.15%	3.42%
MSCI World (Index)	8.13%	8.13%	-2.20%	10.4%	-6.66%	-7.91%	1.49%

## CURRENT ALLOCATION as at 31/07/2010



## CURRENCY ALLOCATION as at 31/07/2010



SOURCE: VALU-TRAC INVESTMENT MANAGEMENT LIMITED AND LIPPER HINDSIGHT

\*\*Simulated Performance is US Dollar based on the asset allocation that would have been indicated by the Valu-Trac Intrinsic Value Model for the VAM Multi Asset Strategy. Assumes annual management fee of 2.25% and incentive fee of 20% above 3<sup>rd</sup> month T-Bills with high water mark. Hypothetical performance is not necessarily indicative of future performance

## FUND DETAILS AND DATA

**Bloomberg Ticker / Sedol Code / MEX ID**  
VAMMBAG LX / B1W6PQ3 / VMBS

**ISIN**  
LU0297698937

**Dealing Day**  
Daily

**Dividends**  
None: income accumulated within the fund

**Launch Date**  
2<sup>nd</sup> May 2005

**Price as of 31/07/2010**  
£8.85

**Fund Size (All Share Classes)**  
£27.59 Million

**Advisory Company**  
VAM Advisory S.A. 26, avenue de la Liberté, L-1930 Luxembourg

**Investment Manager**  
Valu-Trac Investment Management Limited, Temple Chambers, 3-7 Temple Avenue, London EC4Y 0DA

**Promoter**  
VP Bank (Luxembourg) S.A. 26, avenue de la Liberté, L-1930 Luxembourg

**Central Administration**  
VPB Finance S.A. 26, avenue de la Liberté, L-1930 Luxembourg

**Custodian**  
VP Bank (Luxembourg) S.A. 26, avenue de la Liberté, L-1930 Luxembourg

**Legal Advisers**  
Elvinger, Hoss & Prussen, 2, Place Winston Churchill, L-1340 Luxembourg

**Auditor**  
Ernst & Young, 7, Parc d'Activité Syrdall, Munsbach, L-5365, Luxembourg

**Initial Charge**  
Maximum 5%

**Annual Management Charge**  
2.25%

**In addition**, a 20% performance fee, relative to the Index with a high water mark may be earned

**Minimum Direct Investment**  
\$10,000 / € 8,000 / £5,000 initial and \$1,000 / € 800 / £500 additions.

## PORTFOLIO MANAGEMENT

**Valu-Trac Investment Management Limited (Valu-Trac) is the Investment Manager of the Fund.** It was established by Peter Millar in 1985. Valu-Trac became authorised as an investment manager in 1989 and manages traditional (long only) and alternative (hedge funds) investments for institutional and private investors, making use of its objective Intrinsic Value discipline for analysing and determining the status of bond and equity markets, individual stocks, currencies and commodities, as well as portfolio allocations to these assets. They are authorised and regulated by the Financial Services Authority

Charles Ekins is the Portfolio Manager of the Fund. He joined Valu-Trac in 2006 after 19 years at Morgan Grenfell / Deutsche Asset Management (1986-2005) where he had a number of roles including Research Analyst and Manager, Co-ordinator of the Global Investment Policy Committee and Director. He graduated from the University of Bristol (BSc Honours, Mathematics with Computer Science) in 1986 and completed a MBA at the City University Business School in 1989.

The Fund is co-managed by Peter Millar. Peter founded Valu-Trac in 1985. Previously he was the Senior Investment Manager of the Global Equity and Bond Departments of the Abu Dhabi Investment Authority (1977-1984). Prior to that, he was Director of Investment Services at Touche Remnant (1970-1977); and Investment Analyst and Manager at the Alliance Trust in Dundee, Scotland (1963-1970). He qualified as a Member of the Institute of Chartered Accountants of Scotland in 1963.

## INVESTMENT MANAGER'S REPORT AS OF 31/07/2010

During July World Equity markets rebounded from the earlier weakness in May and June, with the MSCI World Index (net dividends reinvested) rising by 5.7% in local currency terms. Weakness in the US Dollar resulted in a return for the MSCI World Index of 8.1% when measured in USD terms. The Fund has no exposure to Equity markets, in the interests of capital preservation, and returned -1.3% during the month principally due to the weakness of Gold, which fell 7.3% in SDR terms during the month.

The defensive investment approach helped to protect the Fund from the worst of the Equity market falls in May and June. The Fund is not invested in Equity markets at present basically because our Valu-Trac measurements tell us to expect Equity markets to underperform Bond markets for the time being. In spite of the rally in Equity markets last month, moving averages of Price show this to have been happening since April, and to be the case still. The level of Intrinsic Value Yield for Equity markets is not compelling even though it is higher than for Bond markets. For Equity markets to look attractive it is necessary to assume a recovery in corporate earnings growth that may fail to materialise. Meanwhile Price momentum in Equity markets has peaked and started to fall. Value momentum, which rose significantly in the 2008/09 bear market and then fell sharply to an extreme low level in the 2009 bull market, has also started to rise.

The world remains in a period of monetary instability, caused by an accumulation of Debt which is probably unsustainable. To avoid Debt deflation, Governments have been pursuing inflationary policies including "quantitative easing". It is not yet clear how the conflicting pressures of Debt deflation and monetary inflation will pan out. History shows that periods of monetary instability are not favourable to Equity markets and that Gold generally outperforms Equity (and Bond) markets during these periods. The recovery in Equity markets since its low price levels in April 2009 looks to us like a rally in a bear market rather than continuation of a bull market.

In summary, Equity markets look risky. Bond markets, though dear, continue to provide protection against monetary deflation, and Gold provides protection against monetary inflation. At the risk of missing out if the rally in the Equity markets continues, we continue to emphasise capital preservation until our Valu-Trac measurements tell us otherwise.

Following recent Dollar weakness, the positions in the Euro and Yen have been reduced and the Fund is now fully exposed to the US Dollar.

## SIMULATED PERFORMANCE STATISTICS

	Fund*
Annualised Performance (Jan '95 – Jul '10)	10.8
Standard Deviation Monthly Returns	2.9
Standard Deviation of Annual Returns	13.9
Average Monthly Turnover	25.4
Worst Year	-15.6
Best Year	35.1
Down Years	4

## INVESTMENT OBJECTIVE & POLICY OF THE FORMER VAM BALANCED FUND

The Investment Objective of the Balanced Fund was to achieve long term capital appreciation with moderate levels of risk over a full market cycle by direct or indirect investment in various collective investment schemes, hedge funds, real estate funds, cash, managed accounts and other similar types of investment.

Exposure to the above investment types was achieved through investment of substantially all of its assets in sub-funds of VAM Global Funds (Lux) and VAM Funds (Lux), hedge funds and cash.

### Issued by VAM Managed Funds (Lux).

Source: Valu-Trac Investment Management Limited.

\*Simulated Performance is US Dollar based on the asset allocation that would have been indicated by the Valu-Trac Intrinsic Value Model for the VAM Multi Asset Strategy. All returns over one year are annualised. Assumes annual management fee of 2.25% and incentive fee of 20% above 3mth T-Bills with high water mark. Hypothetical performance is not necessarily indicative of future performance.

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