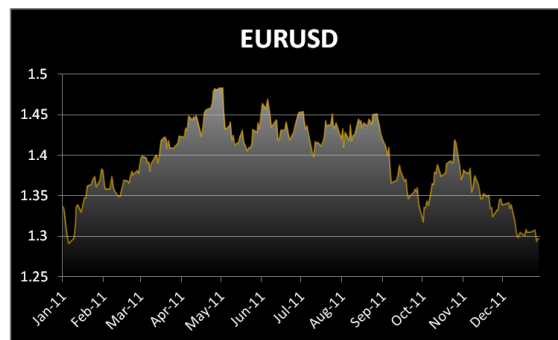


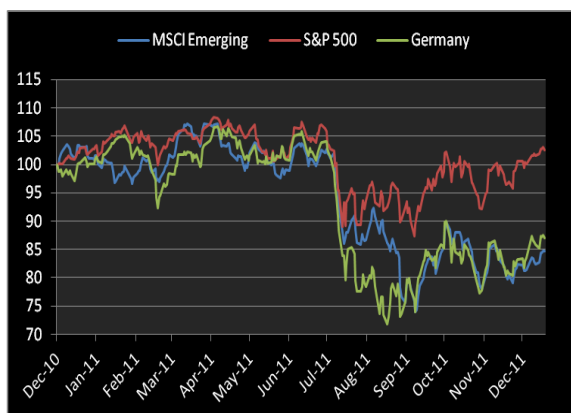
Market Summary for 2012

Despite the positive start to 2012 markets still seem very unsure. We remain vigilant over the coming months and are positioned accordingly. Volatility seems to be moderating and liquidity levels remain high. Fundamentally we see improving corporate earnings, fair equity valuations and low interest rates all supporting global equity markets and the longer term economic recovery. We still maintain that a **global** recession will be avoided and that the US and Eurozone leaders will eventually get it right in terms of monetary and fiscal policy. We also maintain that emerging markets will continue to grow albeit slower than the markets had initially priced.

In the Eurozone Germany was one of the worst performers in 2011 down -15%. Our sense is that things will likely get worse before improving. We expect a recession in Europe, further credit rating downgrades, bank nationalisations, and on-going austerity measures to be implemented. We also anticipate a further interest rate cut in the coming months. Much of this has already been discounted by the capital markets. On a more positive note European corporates are in a healthy financial state, equity valuations look attractive, and the EUR/USD downtrend will help support economic growth. Also the new governments in Italy and Spain seem to have got off to a promising start.



In the US the S&P500 was one of the better performers in 2011 up +2%. In contrast to Europe things are gradually improving reflected in recent US GDP numbers, positive corporate earnings and guidance, unemployment declining to 8.6%, and improving housing and manufacturing data. The Eurozone debt crisis is unlikely to have a major impact on the macro environment in the US as exports only account for 13% of GDP. We also remain mindful of upcoming political elections later this year; US, France, China and Mexico.



Emerging markets were down -18% in 2011 with Brazil and India being the worst performers down -18% and -24% respectively. Whilst investors are concerned about geopolitical risk, inflation and asset price bubbles, emerging market equity valuations have now moderated and inflationary pressures diminished. Commodities were down -1% in 2011 though gold and oil were up +10% and +8 respectively. We have gradually been increasing our allocation to emerging markets, crude oil, base metals and soft commodities. In currencies we have seen the USD strengthen over +10% in the last quarter with a corresponding decline in commodity prices including gold. The Euro continues to weaken as events in the Eurozone play out and the USD continues to live up to its safe haven status. On a PPP basis USD still remains undervalued against most major currencies.

We believe that it is still too early to allocate in a meaningful way to riskier assets. Macro concerns continue to dominate with short term risks skewed to the downside. Policy and politics continue to dominate. Our sense is to watch political, economic and market events very closely over the coming weeks and months and to look for suitable entry points once all the dust around the Eurozone debt crisis settles.

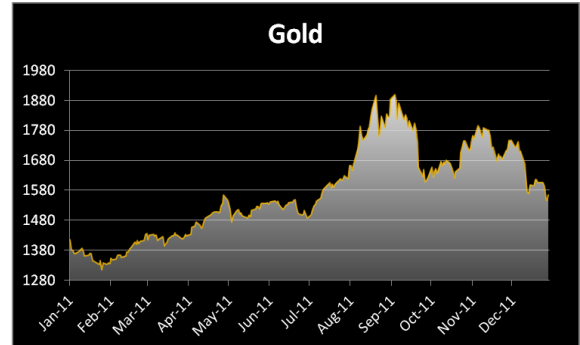
Broad Investment Strategies for 2012

Over the long term the primary focus should be wealth preservation. It's important for investors to understand that volatility and risk will likely increase going forward. Return expectations need to moderate. Risk, diversification and liquidity are all key considerations. Investors should stay focused on fundamental analysis and not trade and or speculate around market events. The key is to not get caught up in all the short term noise around events in Europe.

(1) Keep 30% in cash. In a 'Black Swan' environment all major asset classes become highly correlated and cash becomes the only real diversifier to market risk. Traditional asset allocation and portfolio diversification goes out of the window. The only asset class not impacted is cash. All cash like investments should be in your base currency. So called carry trades in non-reference currencies are speculative in nature and best avoided.

(2) Don't own Government bonds with more than two years in maturity. Depending on your base currency we would recommend you stick to UK Gilts, German Bunds and US Treasuries only. High investment grade short dated corporate bonds are an alternative and can offer a yield pick-up over cash and certain government bonds. Above all avoid taking credit risk and interest rate risk in this environment and chasing marginal yield could prove costly.

(3) Limit your exposure to gold. We would not be allocating new money in the current market environment. Gold remains in bubble territory and any new money allocated tends to be speculative in nature. When the market recovers investors will quickly sell gold and reallocate to riskier assets. As an alternative to gold look at silver and platinum.



(4) At least 80% of your portfolio should be liquid. Not because we think the world is falling apart but rather because there will be some amazing fundamental buying opportunities for investors around geopolitical events once all the dust around events in Europe has settled.

(5) Don't forget Large Cap Global Equities. In equities we remain short term cautious. Longer term we are encouraged by fair equity valuations along with recent corporate earnings numbers and guidance. Dividend yield is a meaningful component of total returns. We also see signs of central banks and sovereign wealth funds gradually selling US Treasuries and reallocating to riskier assets.

(6) Commodities and emerging market exposure is key. We have become more constructive oil, base metals, agricultural commodities along with broader emerging markets. Whilst investors are concerned about geopolitical risk, inflation and asset price bubbles, commodities have traded off their recent lows and emerging market equity valuations have moderated. Inflation concerns have diminished and exposure is play on the longer term global recovery.

(7) Limit your exposure to banks and financials irrespective of asset class. The sector looks fragile and is vulnerable to geopolitical events around the European sovereign debt crisis.

(8) Question your exposure to alternative investments. If you can allocate to real-estate, hedge funds and private equity then keep your exposure below 10%. Exposure is a leveraged play on the global markets, costs are excessive, and liquidity almost non-existent. Understand the qualitative and quantitative risks you are exposed too and be sensitive to redemption periods and gates.

(9) Total fees should be below 0.8%. This includes management fee charges, execution costs, custody fee charges and any retrocessions or rebates which should be returned to you as the client. Ask questions, understand charges, and reallocate where charges have become excessive. Remember fee leakage over the long term equates to wealth destruction.

Three and a half years have passed since the onset of the financial and economic crisis of 2008. Many investors feel that since then not much seems to have changed. We believe amongst all the volatility and uncertainty some attractive investment opportunities will present. The key for investors is not to panic or over react to geopolitical events. The financial media and markets have a habit of becoming too bullish and or too bearish. The environment may not be great at the moment but there are some positive signs that the issues will get resolved and markets will improve over the longer term.

Yogesh (Yogi) Dewan
CEO and Founding Partner
yogesh.dewan@hassium.co.uk

Simon Black
Junior Partner
simon.black@hassium.co.uk

Disclaimer: Copyright 2012 Hassium Asset Management LLP. All rights reserved. The information contained in this communication is confidential, subject to legal privilege, and is intended solely for the use of the intended recipient(s). If you are not the intended recipient of this communication please delete and destroy all copies immediately. Electronic communications (including emails) may be interfered with, may contain computer viruses or other defects and may not be successfully replicated on other systems. Hassium Asset Management LLP gives no warranties in relation to these matters. Hassium Asset Management LLP has prepared these comments with reasonable skill, care and diligence. Save in circumstances caused by our fraud or negligence, we cannot and do not accept any liability for loss (or the loss of an opportunity to gain) which arises from the use of the information contained in this report. This material is for your information only and is not intended to be used by anyone other than you. This is not an offer or solicitation with respect to the purchase or sale of any security. Opinions expressed are our present opinions only. This material is based upon information which we consider reliable, but we do not represent that such information is accurate or complete, and it should not be relied upon as such. This information is current and is subject to change. Any historical price(s) or value(s) is as of the date indicated.