



SARASIN
& PARTNERS

London South Bank University Charitable Funds

Investment Report As at 31st December 2011

(Copy for: E Maimbo Esq)

Managed by Robert Boddington and Rowena Tudor-Evans
Administered by Stella Tang

Sarasin & Partners LLP, Juxon House, 100 St Paul's Churchyard, London EC4M 8BU
Tel +44(0)20 7038 7000
Fax +44(0)20 7038 6850
www.sarasin.co.uk

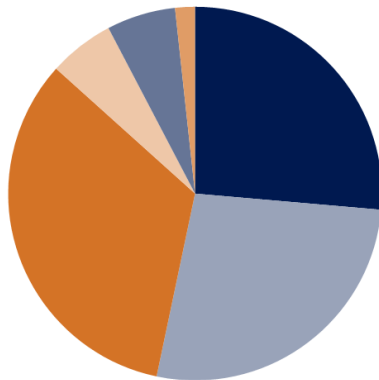
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Portfolio Value as at 31st December 2011: £593,704

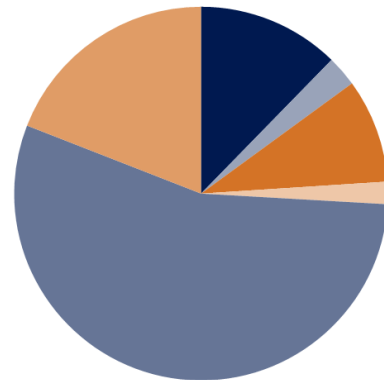
Asset Allocation	£	Capital	Estimated Income	
		%	£	%
Fixed Interest	156,627	26.4		
UK Equities	159,833	26.9		
Global Equities	198,010	33.4		
Property	33,678	5.7		
Alternative Assets	35,371	6.0		
Liquid Assets	10,185	1.7		
Total	593,704	100.0	23,560	4.0

Asset Allocation



Fixed Interest	26.4 %	Property	5.7 %
UK Equities	26.9 %	Alternatives	6.0 %
Global Equities	33.4 %	Liquid Assets	1.7 %

Geographic Allocation



Europe	12.3 %	Other	9.0 %	UK	55.0 %
Japan	2.7 %	Pacific	1.9 %	US	19.1 %

Investment Performance

	Portfolio	Benchmark	Relative
Quarter to 31 December 2011	4.8%	6.2%	-1.3%
Calendar Year 2011	-4.5%	1.5%	-6.0%
Calendar Year 2010	13.9%	12.6%	1.4%
1 July 2009 to 31 December 2009	20.6%	16.9%	3.6%

Portfolio benchmark: EPRA/NAREIT Total Return (GBP) (Global) (2.80%), FTSE All-Share 5% capped (Total Return) (UK) (26.00%), FTSE Gilts All Stocks (Total Return) (22.00%), FTSE World Ex-UK (Total Return) (2.00%), IPD Monthly (UK) (3.20%), JP Morgan World Bonds Ex-UK (7.00%), MSCI World ex UK (Local Currency) (GBP) (16.00%), MSCI World ex-UK (Net Total Return) (16.00%), UK cash LIBOR 1 Month (Total Return) (5.00%).

Performance is calculated 'net' of Sarasin's investment management fees and custody costs that have been directly debited from your portfolio, using Bid prices. This takes into account receipts to and withdrawals from the portfolio during the period, and their dates. Prices are sourced from Bloomberg.

The report 'looks-through' to the underlying investments within the Sarasin funds in order to show the portfolio's overall allocation.

Where a portfolio holds Sarasin Unit Trusts or OEIC Funds, we use a close of business unit price to enable more accurate performance comparison with the portfolio benchmark.

London South Bank University

The Charity has wide investment powers.

The Trustees seek:

Annual income of £20,000 (2009)

Capital growth should exceed the WM Charity Survey by 1% per annum

The Trustees have agreed to invest via the Alpha Common Investment Funds, Alpha CIF for Endowments and Alpha CIF for Income and Reserves.

Alpha Common Investment Fund for Endowments

The investment objective of the Fund is to achieve levels of income in excess of that available from the FTSE All Share Index and long term capital and income growth. This is achieved with a diversified global portfolio covering the world's principal stock, bond and currency markets, together with investments in "alternative" assets such as property and hedge funds.

The equity content will be diversified both by geography and by major investment themes. The Fund may hold cash deposits from time to time where it would be in the interests of efficient management of the Fund's assets.

Alpha Common Investment Fund for Income and Reserve

The investment objective of the Fund is to achieve a consistently attractive level of income coupled with the potential for long term capital appreciation, whilst aiming to preserve the value of capital over the shorter term. The portfolio will be fixed interest orientated with the remainder in a mix of global equities, convertible bonds and cash.

Ethical Policy

The Alpha Common Investment Funds will avoid investment in companies with more than 10% of their turnover in:

- Alcohol Manufacture
- Armaments
- Gambling
- Pornography

The Alpha Common Investment Funds will not invest in companies manufacturing tobacco related products.

Index Returns

	Quarter to 31-Dec-11	Calendar Year 2011	Calendar Year 2010	1-Jul-09 to 31-Dec-09	Since Launch		
	%	%	%	%	% Change	A.G.R	Volatility
Sarasin Funds							
¹ Alpha CIF for Endowments	5.1	-6.2	15.2	23.0 (28-Sep-93)	182.4	5.8	3.5
² Alpha CIF for Income & Reserves	3.7	3.2	9.0	13.4 (03-Aug-05)	32.1	4.4	1.9
Bonds							
Citigroup World govt. bonds all mats	0.1	7.1	8.5	6.0	-	-	2.8
Citigroup US govt. bonds all mats	1.1	10.4	9.1	2.8	-	-	3.4
Citigroup UK govt. bonds all mats	5.5	16.9	7.3	2.2	-	-	1.9
Citigroup EU govt. bonds all mats	-2.4	3.1	-1.5	6.6	-	-	3.1
Merrill Lynch Sterling Corporate	3.2	7.0	9.4	13.1	-	-	2.2
Merrill Lynch Sterling Broad Market Index	4.5	13.5	7.9	5.2	-	-	1.6
Merrill Lynch Global Corporate Index	1.1	5.2	9.3	11.9	-	-	1.9
Equities							
MSCI World (Net Total Return)	7.8	-4.8	15.3	23.6	-	-	5.0
MSCI World (Local Currency) (GBP)	7.8	-5.5	10.0	19.2	-	-	4.9
MSCI All Countries World Daily (Net Total Return)	7.4	-6.7	16.2	24.6	-	-	5.1
MSCI AC World (Local Currency) (GBP)	7.4	-6.5	10.5	19.7	-	-	4.9
S&P 500 (Total Return) (US)	12.1	2.9	18.7	24.6	-	-	5.0
FTSE All-Share (Total Return) (UK)	8.4	-3.5	14.5	26.5	-	-	4.8
FTSE All-Share 5% capped (Total Return) (UK)	8.0	-3.9	16.1	26.4	-	-	4.8
MSCI Europe (Net Total Return)	5.6	-10.4	7.1	26.3	-	-	6.1
Nikkei 225 (Japan)	-2.4	-12.2	14.8	12.4	-	-	5.0
MSCI Pacific ex-Japan (Net Total Return)	6.3	-12.1	20.6	38.5	-	-	6.4
S&P/IFCI Composite Investable (Total Return) (Emerging)	4.1	-18.4	24.4	32.5	-	-	6.4
Property							
S&P/Citigroup BMI World Property (Total Return)	6.9	-4.8	25.3	32.0	-	-	6.5
IPD Monthly (UK)	1.8	8.5	17.6	8.9	-	-	1.7
Alternative Assets							
Gold (per Ounce)	-5.3	9.7	33.3	18.3	-	-	5.8
HFRX Global Hedge Fund GBP Index	-0.4	-8.4	5.2	7.3	-	-	1.5
Reuters/Jefferies CRB	2.6	-7.6	21.1	15.1	-	-	3.9
Other							
UK Retail Prices Index	1.0	5.2	4.7	1.8	-	-	0.5
UK cash LIBOR 3 Month (Total Return)	0.2	0.8	0.7	0.4	-	-	0.0

All index returns are total returns. The performance figures quoted are shown in the base currency of the portfolio.

Source: Sarasin & Partners and Bloomberg

¹ Bid to Bid, gross income reinvested. 70% of the Manager's annual and administration charges are deducted from the Fund's capital, which may constrain future capital growth. There is no minimum investment period, though we would recommend that you view your investment as a medium to long term one (i.e. 5 to 10 years).

² Bid to Bid, gross income reinvested. 80% of the Manager's annual and administration charges are deducted from the Fund's capital, which may constrain future capital growth. There is no minimum investment period, though we would recommend that you view your investment as a medium to long term one (i.e. 5 to 10 years).

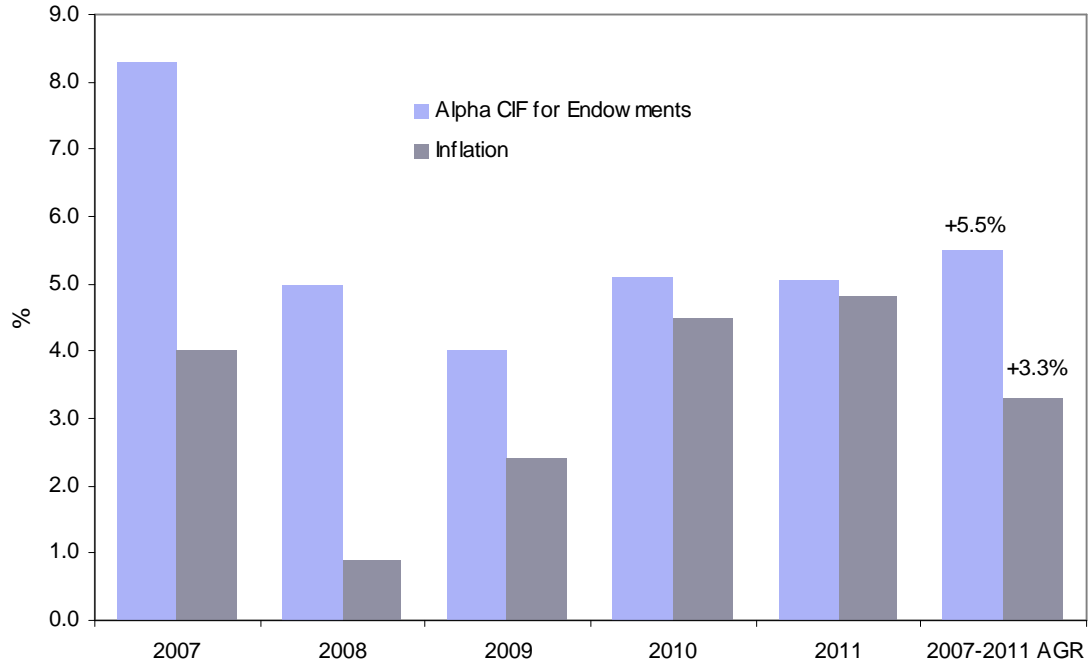
The Sarasin funds are subject to an initial charge of up to 5%. Index prices are as at 31/12/2011, unless such prices are not available, in which case the most recent price will be used.

Past performance does not guarantee future returns. The value of investments and the income from them can go down as well as up and you may not get back the amount you originally invested. This can be as a result of market movements and also of variations in exchange rates between currencies. All volatility figures measure the standard deviation of the monthly returns over a rolling 36 month period. This is not the only method of calculating volatility and other methods may produce different results.

The following chart and table show annual income growth compared to inflation and asset class performance of the Alpha CIF for Endowments

Income Growth – Alpha and Inflation

Calendar Years and 2007 - 2011



Performance by Asset Class

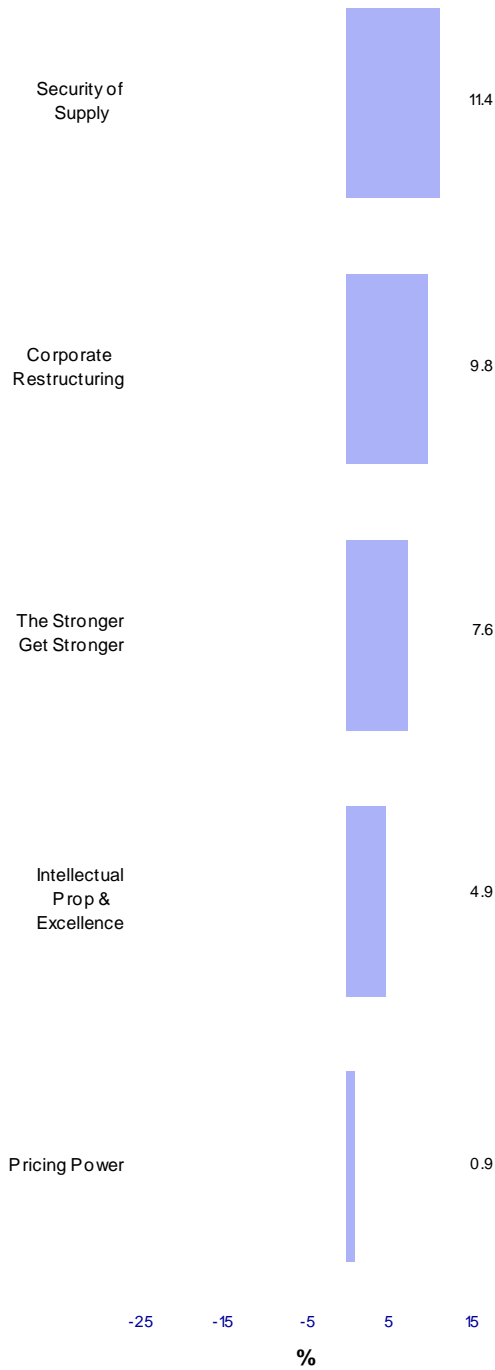
30-Sept-11 to 31-Dec-11, 2011 & Rolling 3 Years

Asset Types	Quarter		Year to Date		Rolling 3 Years	
	Alpha %	Index %	Alpha %	Index %	Alpha %	Index %
Fixed Interest	4.5	3.6	10.4	13.3	28.7	18.1
<i>Sterling Government Bonds</i>	6.5	5.0	19.6	15.6	30.1	22.4
<i>Sterling Corporate Bonds</i>	3.8	3.2	6.4	7.0	32.9	34.8
<i>Inflation Linked Bonds</i>	9.8	8.4	24.9	19.9	55.9	39.0
<i>Overseas Bonds</i>	2.0	0.4	3.2	8.0	17.5	7.6
UK Equities	7.5	8.0	-5.7	-3.9	54.5	47.2
Overseas Equities	7.1	7.8	-9.4	-4.8	20.3	27.0
Property	-0.2	4.5	-3.6	2.2	33.1	31.2
Hedge Funds	-0.5	-0.4	0.4	-8.4	27.4	9.0
Private Equity	1.8	8.4	3.9	-3.5	59.7	43.8
Commodities	-	2.6	-	-7.6	-	23.0
Guaranteed Products	-	0.2	-	0.6	-	2.1
Liquid Assets	n/a	0.2	n/a	0.6	n/a	2.1

The following charts show the equity performance of the Alpha CIF for Endowments

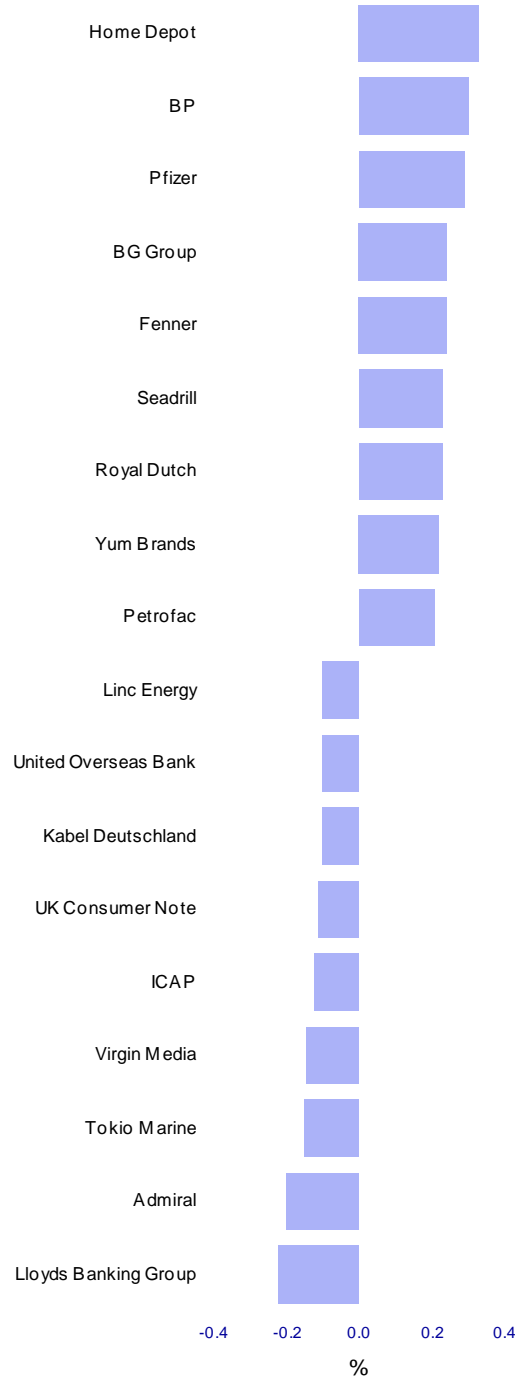
Performance by Theme

30-Sept-11 to 31-Dec-11



Largest Contributors to Overall Performance

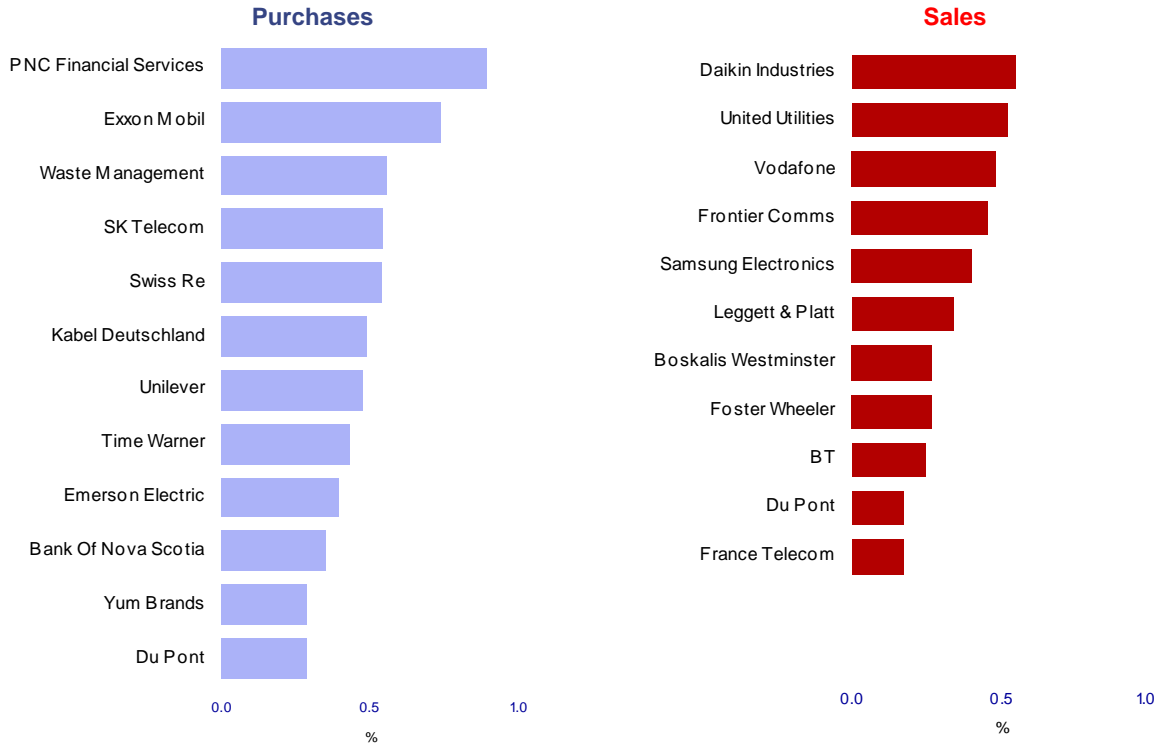
30-Sept-11 to 31-Dec-11



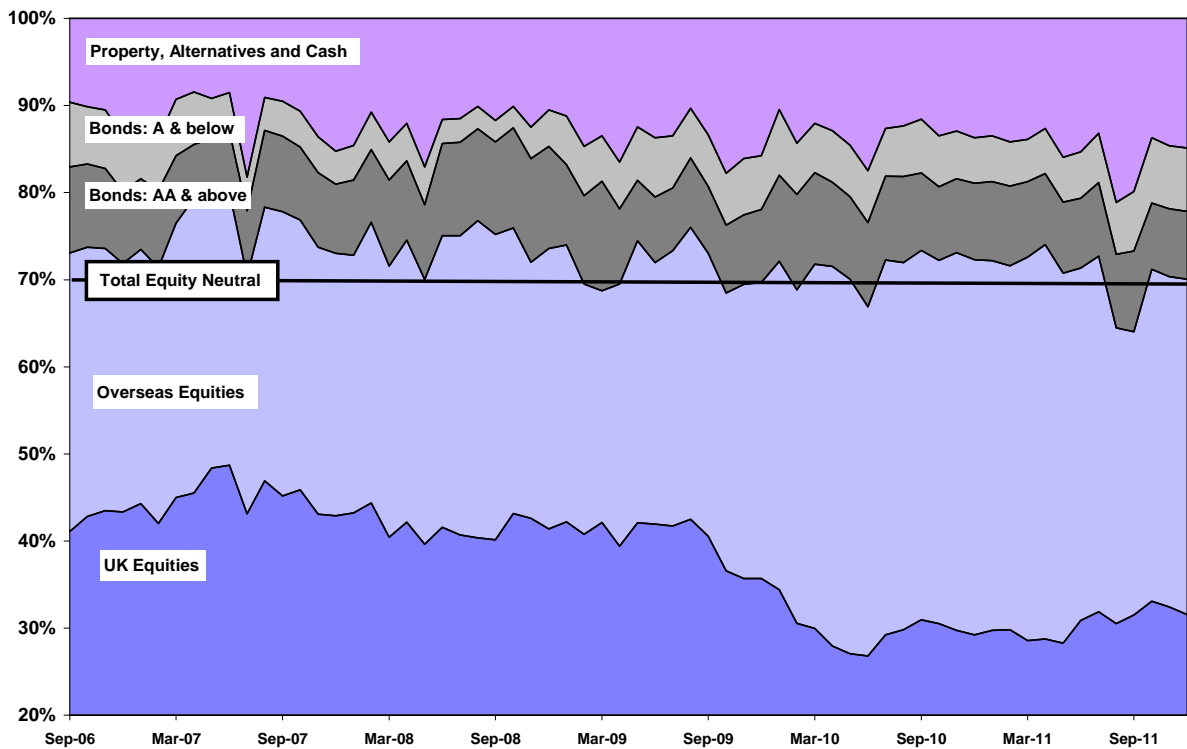
The following charts show the largest transactions (excluding segregated bonds) within the Alpha CIF for Endowments and this is followed by the long term asset allocation

Largest Transactions (%)

30-Sept-11 to 31-Dec-11



Asset Allocation



Key Votes

In preparing the reporting on key votes during Q4 2011, the theme of remuneration was again prominent. 2011 was the first year that shareholders in US public companies finally had a “say on executive pay”. With median pay of US S&P 500 CEOs increasing by 35% during 2010, it was expected that shareholders would challenge those companies where compensation did not reflect strong performance. However the impact of “say on pay” has been muted; firstly only in a small percentage of US companies did a majority of shareholders object to executive compensation and, secondly, the US “say on pay” votes are advisory, and therefore not binding. The key votes highlighted below illustrate how we applied our voting policy on remuneration issues to protect shareholder value for clients.

We have recently updated our detailed voting guidelines to ensure that they reflect corporate governance best practice in different countries around the world. A copy is publicly available on our website:

http://www.sarasin.co.uk/internet/ieuk/index_ieuk/about_us_ieuk/about_us_governance_voting_ieuk.htm

We would be glad to discuss them with you if you would like to understand in more detail how we vote on your behalf.

Company	Date	Resolution	How we voted for you	Result
AUTOMATIC DATA PROCESSING				
	November	Number 3: Advisory Vote to Ratify Named Executive Officers' Compensation	Against	Accepted
Rationale:	The company has a combination of concerning remuneration practices which led us to vote against the resolution in line with our voting policy. These included: the CEO being guaranteed a minimum stock option award each year, a non-performance-based cash allowance equal to 12.5% of the CEO's salary, and a tax provision which could lead to substantial increases in potential termination payments and could encourage executives to negotiate merger agreements that may not be in the best interests of shareholders.			
Result:	Accepted (Percentage of votes cast: 93.8% for, 5.6% against, 0.6% abstain).			
KABEL DEUTSCHLAND				
	October	Number 5: Cancel Authorization for Management Board not to Disclose Individualised Remuneration of its Members	Accepted	Accepted
Rationale:	The 2010 AGM authorised the management board not to disclose the individualised remuneration of its members until fiscal year 2013/14. This was not in line with best practice recommendations set out in the German Corporate Governance Code. We were therefore pleased to vote for the management resolution at this year's AGM, in line with our voting policy, to disclose individual management board compensation.			
Result:	Accepted (Percentage of votes cast: 99.87% for, 0.13% against. 31.5% of eligible shares did not vote).			
PROCTER & GAMBLE				
	October	Number 3: Elect director Scott D. Cook	Against	Accepted
Rationale:	It is a fundamental principle of corporate governance that members of key board committees, particularly the audit, compensation and nomination committees, be independent. The UK Higgs Report (2003) defined the conditions under which a director can be deemed independent, including not having served on the board for more than 10 years. In line with our policy we therefore voted against the re-election of Scott Cook as he has been on the board for 11 years.			
Result:	Accepted (Percentage of votes cast: 98.0% for, 1.7% against, 0.3% abstain).			

Bonds

Bond Fundamentals

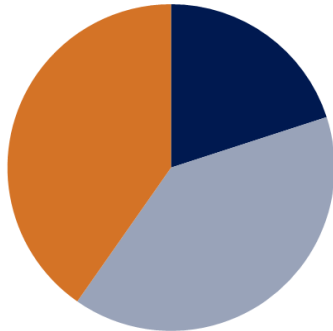
Coupon:	5.86%
Yield to Maturity:	4.20%
Maturity(Years)	11.6
Adjusted Duration (years):	
Total:	7.8
Excluding FRNs:	7.8
Spread to Government (bp)	
Total:	+272
Excluding Governments:	+407
Rating:	AA-

Indexed-linked bonds are excluded from the fundamentals

Bond Type

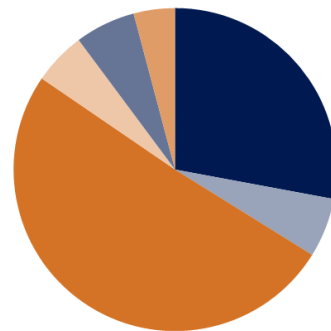
Government, Treasuries	27.9%
Govt Agency, Gtd & Supra	5.9%
Corporate	50.7%
Other Fixed Interest	5.3%
Asset Backed	6.0%
Inflation Linked	4.1%
Total	100.0%

Maturity



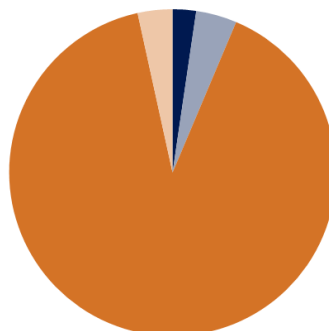
Up to 5 Years	20.0 %	Over 10 Years	40.3 %
5 to 10 Years	39.7 %		

Type



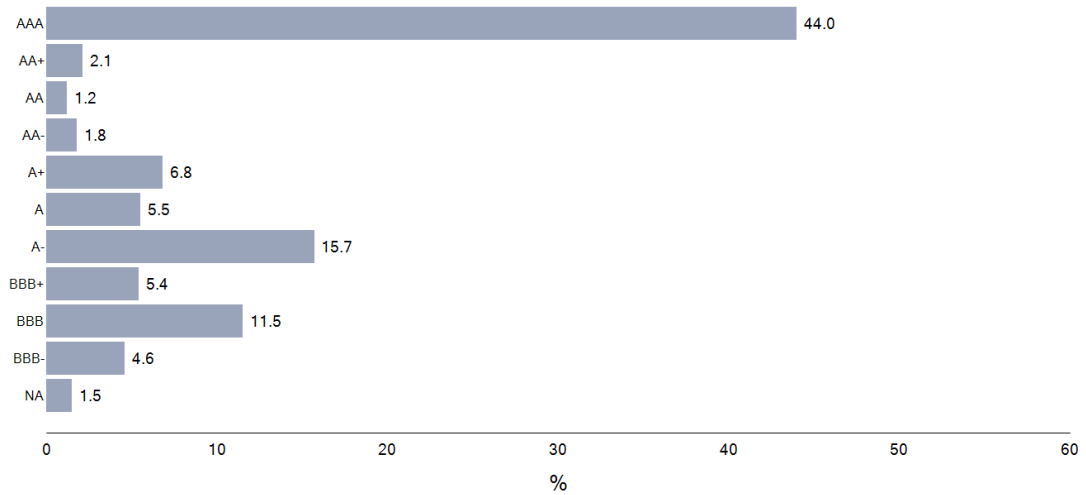
Government, Treasuries	27.9 %	Asset Backed	6.0 %
Govt Agency, Gtd & Supra	5.9 %	Inflation Linked	4.1 %
Corporate	50.7 %		
Other Fixed Interest	5.3 %		

Currency Allocation

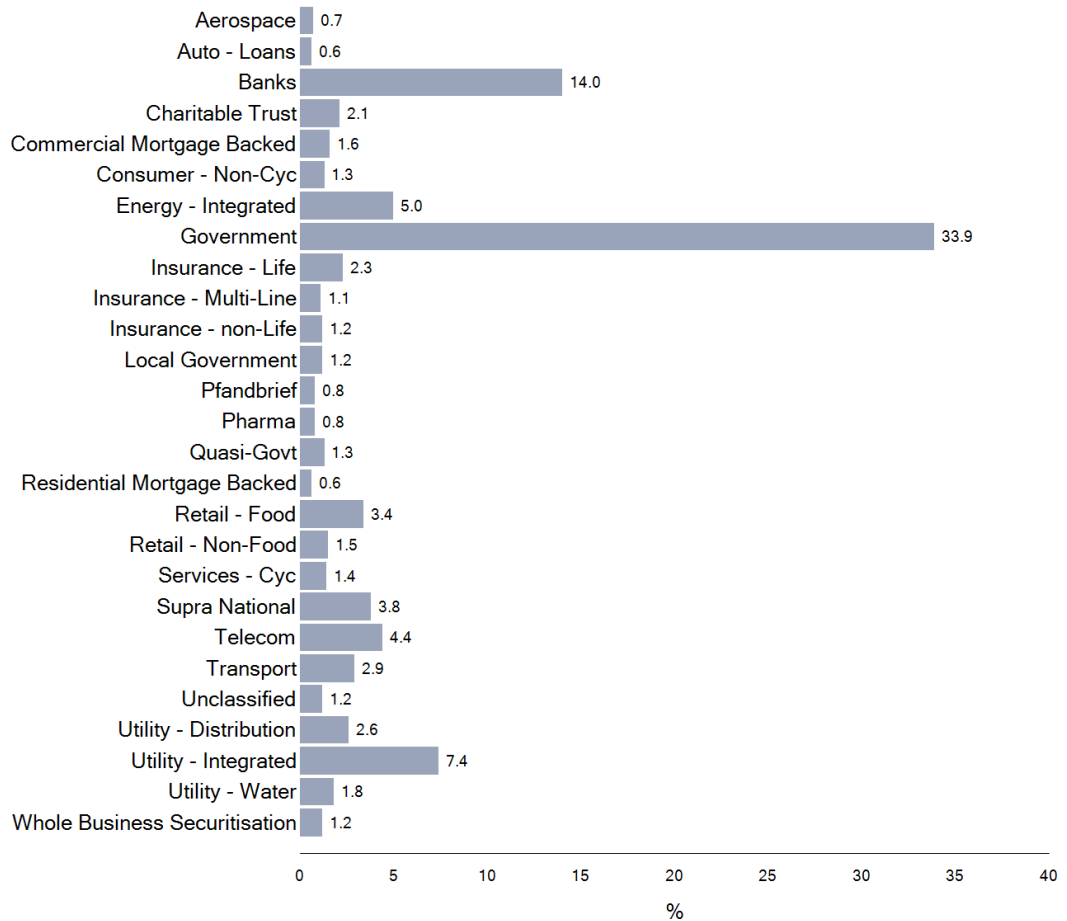


Canadian Dollar	2.3 %	Sterling	90.2 %
Euro	4.0 %	US Dollar	3.4 %

Credit Rating Allocation



Industrial Sector Allocation

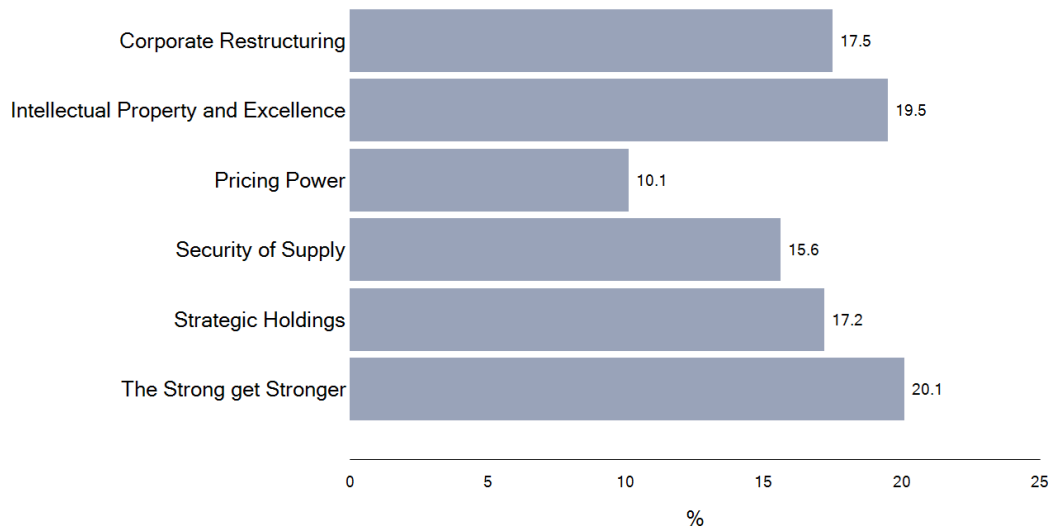


Bonds

	% of Bonds	Currency	Duration (Years)	Yield to Maturity %	Spread to Govt (bp)
Sarasin & Partners Funds					
ALPHA CIF FOR ENDOWMENTS (INCOME UNITS)	46.1				
ALPHA CIF FOR INCOME AND RESERVES (INCOME UNITS)	53.9				
Total	100				

Thematic Equity Allocation

Thematic Allocation as at 31-Dec-11



Corporate Restructuring

%

BP PLC	1.9
HOME DEPOT INC	1.7
PFIZER INC	1.6
UNILEVER PLC	1.3
VODAFONE GROUP PLC	1.3

Intellectual Property and Excellence

%

GLAXOSMITHKLINE PLC	1.9
ASTRAZENECA PLC	1.9
NOVARTIS AG-REG	1.6
PROCTER & GAMBLE CO/THE	1.5
CANON INC	1.3

Pricing Power

%

SWISS RE AG	1.6
WASTE MANAGEMENT INC	1.1
SK TELECOM CO LTD-ADR	1.1
PRUDENTIAL PLC	0.9
VIRGIN MEDIA INC	0.8

Security of Supply

%

BG GROUP PLC	2.5
SEADRILL LTD	1.3
PETROFAC LTD	1.2
TIME WARNER INC	1.2
FENNER PLC	1.1

Strategic Holdings	%
INTERNATIONAL PUBLIC PARTNERSHIP LTD	2.2
SARASIN IE REAL ESTATE EQUITY (GBP) - INC	2.0
SALAR FUND PLC-C1GBP DIST	1.9
THE PROPERTY INCOME TRUST FOR CHARITIES	1.6
3I INFRASTRUCTURE PLC	1.4

The Strong get Stronger	%
HJ HEINZ CO	1.4
YUM BRANDS INC	1.4
AUTOMATIC DATA PROCESSING	1.3
ROYAL DUTCH SHELL PLC-B SHS	1.3
TESCO PLC	1.3

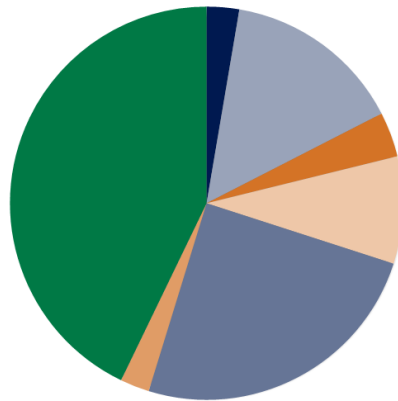
Geographical Analysis

	Portfolio %	Index %	Relative Difference %
Greater than 10% divergence from Index			
NORTH AMERICA	24.8	57.8	-33.0
UNITED KINGDOM	42.8	9.8	+33.0
Between 5% - 10% divergence from Index			
JAPAN	3.7	9.1	-5.4
MULTI-REGIONAL	8.8	-	+8.8
Less than 5% divergence from Index			
EMERGING MARKETS	2.7	-	+2.7
EUROPE EX. UK	14.8	17.7	-2.9
PACIFIC EX. JAPAN	2.4	5.6	-3.2

Source: Sarasin & Partners and Bloomberg

Index: MSCI World (Gross Total Return)
 Weights as at: 30-Dec-11
 Currency: US Dollar
 Portfolio: Weights as at 31-Dec-11

Geographical Allocation



Emerging Markets	2.7 %	Multi-Regional	8.8 %	Pacific ex. Japan	2.4 %
Europe ex. UK	14.8 %	North America	24.8 %	United Kingdom	42.8 %
Japan	3.7 %				

Industrial Analysis

	Portfolio %	Index %	Relative Difference %
Greater than 10% divergence from Index			
MISCELLANEOUS	18.0	-	+18.0
Between 5% - 10% divergence from Index			
INFORMATION TECH	5.4	12.0	-6.6
Less than 5% divergence from Index			
CONSUMER DISCR	8.8	10.3	-1.5
CONSUMER STAPLES	10.0	11.0	-1.0
ENERGY	12.0	11.8	+0.2
FINANCIALS	13.8	17.6	-3.8
HEALTH CARE	9.4	10.5	-1.1
INDUSTRIALS	8.8	11.0	-2.2
MATERIALS	6.6	7.2	-0.6
TELECOM SVC	4.5	4.4	+0.1
UTILITIES	2.8	4.0	-1.2

Source: Sarasin & Partners and Bloomberg

Index: MSCI World (Gross Total Return)

Weights as at: 30-Dec-11

Currency: US Dollar

Portfolio: Weights as at 31-Dec-11

Summary

2011 was characterised by a creeping realisation that the benign recovery from the low point of 2008 might not be sustained. The underlying trend was a slow loss of confidence, first in the prospects for growth in emerging markets which had been the mainstay of future global economic growth expectations; second was the realisation that the Euro had fallen into an inescapable trap.

However, after the waterfall sell-off in the third quarter, equity markets rallied over the fourth quarter, albeit with severe volatility. The behaviour of markets suggests that prices are being driven by futures and other index trades as investors worry about the wider economy, rather than corporate fundamentals. The time frame for many investors has become very short, creating an environment more suited to short-term trading than our longer-term thematic approach focused on sustainable income growth. Another side of this behaviour is the flight to safety in bonds, with gilts providing a stunning total return of +16% over 2011, with the yield falling to only 2% at the year end, the lowest level for 111 years (the period for which accurate records exist).

The equities of high quality multi-national companies remain a compelling investment given their ability to grow their cash flow in real terms, their ability to provide attractive total returns (with yields equivalent to many bonds), their diversity of currency exposure, their liquidity and in many cases, independence from the banking system for finance. We also suspect that they could benefit from a reversal in the sanctuary-seeking flows into bonds, cash, London property, gold and any other "safe" (but low return) assets.

But we start 2012 with a still uncertain background and risk-aversion at extreme levels. A magic solution to the Euro problem is unlikely to be the driver of a sharp rebound in markets. Indeed, the Euro risk remains one of a chaotic exit by one or more countries. Austerity has already pushed Europe into recession but a disorderly unwinding of the Euro would make it much worse. World GDP growth will now be slower than most had hoped, probably around 3% overall in 2012. But this headline number disguises a divergence of growth trends and a much less synchronised global economy than we have been used to.

We took action to change the character of our thematic global equity portfolios during the first half of last year placing emphasis on the implications of austerity (getting more from less) and the most dependable trends such as those driven by demographics. Despite these timely moves it has been very difficult to achieve outperformance in markets so driven by fear. The primary market driver in the second half of the year was the quest for sanctuary

from the Euro zone and from Emerging Markets (the Eurostoxx 600 and the MSCI Emerging Markets Index both returned -16%). The US became a relative safe haven and the S&P 500 performance was flat. To some extent, a similar pattern of extreme risk aversion has been reflected in sectors, with investors seeking solace in the shares of tobacco and alcoholic drinks companies, several of which have seen share prices rise strongly over the year.

With ongoing concerns over sovereign credit quality and low growth, 'sanctuary-seeking' behaviour may well persist for a period. However, at some point the attractions of high quality, global equities will re-emerge. As investors refocus from consideration of the 'return of their money' to the 'return on their money', companies offering reliable growth should begin to be re-rated.

Our asset allocation strategy has been set to reflect the mis-alignment between the valuations of asset classes. With such extreme levels of risk aversion, equities offer a higher yield over bonds than at almost any time in the last 100 years. Our approach is to adopt a longer-term stock selection policy, focusing on reliable global themes and avoiding too much exposure to cyclical or Euro area banking risks. But at the same time we are holding more in equities and corporate bonds at the expense of ultra-low-yielding UK government bonds.

Artificially low yields on "safe" gilts can represent a real threat. The lessons of history show seven separate occasions since 1900 when gilts have lost their owners more than 20% in real terms.

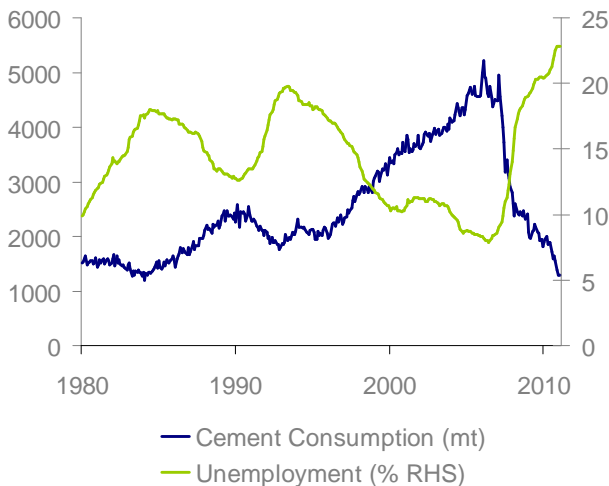
Macroeconomic Outlook

2011 was also a year of popular protest on every continent - against authoritarian rule, economic mis-management, corruption and inequality. The Occupy Wall Street movement started in New York on 17th September and by the end of the year there were 2,751 Occupy communities around the world. At its centre are the slogans 'we are the 99%' and 'capitalism in crisis'. There appears to be real challenge to the social harmony that has stemmed from the rising living standards delivered by capitalism in the past.

Certainly the easy formula of consumption-driven growth fuelled by increasing debt is unsustainable. High levels of debt are forcing a review of the role of government in the economy. The necessary structural adjustments to welfare and other government spending have huge social implications, particularly in the form of unemployment. The mobilisation of popular protest, accelerated by internet-based social networks, seems likely to spread further in the year ahead.

Developed-world economies face the very urgent need to find some new economic growth tricks. These must generate significant gains not just in productivity but in employment. Changes of sufficient scale will need no less than a 'big bang' of innovation, changing working practices and resource management to generate much greater efficiency and competitiveness. The US may be part of the way to discovering one such game changing innovation in the use of shale gas which is transforming their energy markets. Labour mobility is also changing the game in the US and even the auto industry is developing into a corporate restructuring case study.

The Pain in Spain



In contrast the Euro area economy is struggling to restructure and find a growth formula. The challenges start with the restoration of the market in money which is in crisis as the banks have lost faith in one another. Euro area banks have very low levels of core capital which means they are highly geared to any further deterioration in the quality of their loan books. In the short-term, the world's central banks have intervened to provide liquidity to the Euro money market and before Christmas the European Central Bank embarked on a massive EUR489 billion liquidity operation, providing 3 year loans to more than 500 banks. This takes total ECB lending to the banking system close to EUR 1 trillion and provides a significant breathing space for the banks. But it is European politicians that must solve the core government debt problems, which are made all the more difficult to tackle by the welfare promises and public sector jobs that define so much of the European political landscape.

For the medium-term there appear to be three possible directions for the Euro governments to take (and not all may end up taking the same route): the first is to transfer all Euro government obligations into a single giant Euro bond market. On the face of it, this would solve the problem of "a single currency without a single state" but it would require a federal structure for which the democratic

accountability does not exist and would impose enormous costs on Germany and other less profligate Euro countries. The second option would be to restore competitiveness between countries by rebalancing exchange rates but this would require an end to the single currency, at enormous cost to most Euro countries and their private sector lenders. The third is some form of status quo reinforced with ever tighter austerity. Until pushed to an extreme, it seems likely that status quo will prevail but if so, to offset the impact of austerity, it is imperative that Germany and other relatively strong members of core Europe aggressively loosen fiscal policy.

After growing by just above 10% per year over the last 5 years, the Chinese economy is slowing as the much-needed rebalancing of growth away from investment and exports towards consumption takes place. The Chinese authorities have the tools to offset the bursting of the property bubble by loosening monetary policy and using foreign exchange reserves to bail out the banking system. With a change in government due in late-2012, another fiscal stimulus directed at households and employment cannot be ruled out.

Barring a much weaker growth environment in the Western World, most of the developing economies are likely to stay on a growth footing – albeit slower than the last few years. Sound public finances, relatively low household and corporate debt and the emergence of a middle-class should help domestic demand offset part of the slowing export momentum. The autumn has also seen a major shift in monetary policy across the developing world and a new monetary easing cycle has started.

Global Equities

So how does the corporate world see the prospects for 2012? Many companies appear to have contingency plans for a more negative scenario for the Euro but otherwise it is business as usual. We have consulted a range of sources to understand the current psychology in boardrooms with interesting feedback from both management consultants Arthur D Little and private equity group KKR: the view is that neither greed nor fear is strong enough to force major changes in corporate strategy. Opportunities are out there but most are cautious about making bold investments. However, the mood is not like 2008 - although there is some evidence of project delays there are few signs of major cutbacks in projects or in investment. Corporate margins are high but there appears to be a strong desire to maintain them which may mean further cost cutting and the squeezing of work forces and supply chains, even if that reduces their resilience.

In stark contrast to the ready availability of capital as bank balance sheets expanded so dramatically, we now face a "battle for capital" as bank balance sheets contract and

emerging markets demand capital to build out new infrastructure. In the corporate world strong balance sheets will continue to matter, and so will the cash flows that feed them. 'The Strong get Stronger' has been a theme that has only really shown its qualities in the worst, "risk-off" market conditions but as the battle for capital rages SgS is likely to remain a hallmark of corporate credibility. Continued strong free cashflow also suggests that, with payout ratios relatively low, dividends should continue to grow.

Some of our recent thematic research stresses the importance of recognising the significant technologies which are transforming corporate internal systems, and in particular cases delivering exceptional productivity. One example is how the same technology that allowed the CERN scientists to analyse 3 trillion observations in their search for the Higgs Boson particle is used by Wal-Mart to improve its merchandising strategies. Others include the wider uses of the increasingly sophisticated yield management technology that prices airline seats; the way early adopters gain benefits by overcoming encryption and firewall challenges to allow employees to use the 'cloud' to move their desk onto their iPad; how consumer product companies use dynamic supply chain alignment to extract the maximum price from each transaction or how miniaturised sensors can transform the accuracy of anything from oil drilling, to surgery, to manufacturing.

As we focus on themes and reliable trends across the global markets, we find many opportunities for well managed companies to prosper in 2012.

Bond Outlook

Bond markets responded well to the 3 year refinancing operation from the ECB, with sovereign spreads narrowing and a moderate recovery in bank bonds. There is certainly a large amount of cash waiting to be invested and a little confidence can go a long way. Non-cyclical, non-financial credit performed well last year and we still believe there is value in these sectors. There may be early-year retracement in some of the safe haven investments, such as short dated German, US and UK governments, but event risk overhangs the market, such as the potential credit downgrade of Eurozone countries and institutions.

Across history, when facing massive debts, governments have used different recovery tools: default, inflation and financial repression. The latter can consist of a cap on interest rates; forcing domestic savings into bonds or direct government involvement in the finance industry.

Financial repression is being applied across the global economy: through their QE programmes, central banks in the US, UK, Japan and to a lesser extent in the euro area have directly intervened in bond markets helping to push bond yields lower. Secondly, prudential regulation forcing

banks, pension funds and insurance companies to hold more 'risk-free' assets captures domestic savings in government bonds. While financial repression may be seen as a less painful way than default or inflation to cope with massive government borrowing needs, there are a number of drawbacks attached to it. The re-domestication of savings reduces cross-border lending but more importantly, capital is misallocated on a large scale, as is already apparent in China or India. The implication is that investors should beware the reasons for low bond yields.

Alternative Assets

After a rally in October the gold price fell back to end the quarter below where it started. The broad trend of other commodities was sideways although grains trended up and oil was much stronger on escalating concerns over supply and particularly tensions with Iran. One of the few places to hide over the last year has been in infrastructure, which has delivered positive returns – in sharp contrast to hedge funds: the DJCS Core Hedge Fund Index fell by 8.6% over the year.

Conclusion

Building an investment strategy based on short-term political outcomes is infernally tough - but the cashflow and yield available in global equities remains compelling, with balance sheet strengths of which most governments can only dream. The longer-term rewards of equity income growth surely outweigh the negative real yields paid on government debt and the zero nominal returns on cash - but a seemingly never-ending stream of political uncertainty means investors are having their patience tested for longer than we would have liked.

Whilst capital performance on equity-oriented portfolios was disappointing in 2011, the income growth was remarkably robust. Accepting that Europe will have a serious recession in 2012, it is still possible to detect some stability and indeed improvement in the wider global economic outlook, with the US and emerging markets showing better than expected data. This reinforces our confidence in the corporate earnings growth and income growth we expect from thematic portfolios in 2012.

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Valuation and Accounting Statements

Valuation

Holding	Book Cost	Price	Value as at	Profit/	% of	Est Gross	Gross
	£		31-Dec-11	Loss	Portfolio	Income	Yield
			£	£	%	£	%
GLOBAL BALANCED							
United Kingdom							
656,938.73 ALPHA CIF FOR ENDOWMENTS (INCOME UNITS)	393,156	GBP 0.73	480,354	87,197	80.9	18,561	3.9
114,472.20 ALPHA CIF FOR INCOME AND RESERVES (INCOME UNITS)	98,207	GBP 0.99	113,350	15,143	19.1	4,999	4.4
Sub-Total (United Kingdom)	491,364		593,704	102,340	100.0	23,560	4.0
Total for GLOBAL BALANCED	491,364		593,704	102,340	100.0	23,560	4.0
Portfolio Totals	491,364		593,704	102,340	100.00	23,560	4.0

Prices are supplied by Bloomberg and are based on the Bid price as at the close of business on the valuation date. For securities not priced by Bloomberg, other sources may be used. Exchange rates are obtained from Bloomberg.

Consolidated Portfolio Valuation

The data below shows your overall exposure to individual securities including those held within Sarasin funds.

Security	% of Portfolio %	Value as at 31-Dec-11 £	Gross Yield %
<u>GOVERNMENT TREASURIES</u>			
United Kingdom			
TREASURY 4.0000% 07/03/22 GBP	0.58	3,420	3.4
TREASURY 4.0000% 07/09/16 GBP	1.37	8,158	3.5
TREASURY 4.2500% 07/03/36 GBP	0.61	3,603	3.5
TREASURY 4.2500% 07/12/27 GBP	0.59	3,491	3.5
TREASURY 4.5000% 07/03/19 GBP	0.70	4,132	3.7
TREASURY 4.5000% 07/09/34 GBP	0.74	4,382	3.6
TREASURY 4.5000% 07/12/42 GBP	0.69	4,079	3.5
TREASURY 8.0000% 07/06/21 GBP	1.52	9,022	5.2
Canada			
CANADA-GOV'T 4.5000% 01/06/15 CAD	0.58	3,449	4.0
Sub-Total	7.4	43,736	
<u>GOVT AGENCY, GTD & SUPRA</u>			
United Kingdom			
BK NED GEMEENTEN 5.7500% 18/01/19 GBP	0.16	942	4.9
EUROPEAN INVT BK 4.2500% 07/12/21 GBP	0.11	631	4.0
EUROPEAN INVT BK 8.7500% 25/08/17 GBP	0.83	4,930	6.7
NEW S WALES TREA 5.0000% 25/02/39 GBP	0.29	1,750	4.0
Ireland			
IRISH LIFE & PER 4.0000% 10/03/15 (IRL GTD) EUR	0.18	1,042	5.4
Sub-Total	1.6	9,295	
<u>CORPORATE BONDS</u>			
United Kingdom			
AMERICA MOVIL SA 5.7500% 28/06/30 GBP	0.20	1,198	5.0
AMLIN PLC 6.5000% 19/12/16 - 26 GBP	0.13	787	8.3
ASSICURAZIONI GENERALI 6.4160% 08/02/22-49 Var GBP	0.08	448	11.4
AT&T INC 7.0000% 30/04/40 GBP	0.40	2,402	5.2
AVIVA 5.9021% 27/07/20 PERP	0.08	478	9.2
AVIVA PLC 6.6250% 03/06/21 - 41 GBP	0.20	1,212	7.9
BANK OF AMER CRP 6.1250% 15/09/21 GBP	0.27	1,616	6.8
BANK OF SCOTLAND 9.3750% 15/05/21 GBP	0.30	1,758	10.2
BARCLAYS BANK PLC 14.0000% 15/06/19 - PERP GBP	0.47	2,764	12.5
BG ENERGY CAP 5.1250% 07/12/17 GBP	0.44	2,589	4.6
BP CAPITAL PLC 4.3250% 10/12/18 GBP	0.11	626	4.0
CENTRICA PLC 7.0000% 19/09/18 GBP	0.24	1,410	5.7
CREDIT AGRICOLE 5.1360% 24/02/16 - PERP GBP	0.09	533	9.2
CREDIT AGRICOLE 8.125% 26/10/19 - PERP GBP	0.16	946	12.6

Consolidated Portfolio Valuation

Security	% of Portfolio %	Value as at 31-Dec-11 £	Gross Yield %
DERBYSHIRE BUILD 6.000% 15/12/16 - PERP GBP	0.08	490	7.1
EDF NRG NET EPN 8.5000% 31/03/25 GBP	0.32	1,899	6.1
ELEC DE FRANCE 6.8750% 12/12/22 GBP	0.26	1,547	5.6
ENEL FIN INTL NV 5.7500% 14/09/40 GBP	0.08	478	7.3
GO-AHEAD GROUP 5.3750% 29/09/17 GBP	0.18	1,079	5.1
GREAT ROLLING STOCK 6.8750% 27/07/13-35 GBP	0.28	1,676	6.1
IBERDROLA FIN SA 6.0000% 01/07/22 GBP	0.25	1,504	6.0
INTESA SANPAOLO 6.3750% 12/11/12-17 GBP	0.12	716	8.0
IPIC GMTN LTD 6.8750% 14/03/26 GBP	0.15	910	6.8
JOHN LEWIS PLC 6.1250% 21/01/25 GBP	0.37	2,169	5.7
JPMORGAN CHASE 4.2500% 25/01/17 GBP	0.40	2,401	4.1
LLOYDS TSB BANK 6.5000% 17/09/40 GBP	0.09	553	7.1
LLOYDS TSB BANK 6.7500% 24/10/18 GBP	0.18	1,049	6.5
MORRISON(WM) SUP 4.6250% 08/12/23 GBP	0.10	599	4.4
NATIONWIDE BLDG 5.6250% 09/09/19 GBP	0.08	477	5.6
NATL GRID ELECT 7.3750% 13/01/31 GBP	0.07	416	5.5
OLD MUTUAL PLC 8.0000% 03/06/21 GBP	0.34	2,001	8.4
PFIZER INC 6.5000% 03/06/38 GBP	0.20	1,206	4.7
PORTERBROOK RAIL FIN LTD 6.5000% 20/10/2020 GBP	0.14	814	5.7
PORTERBROOK RAIL FIN LTD 7.1250% 20/10/2026 GBP	0.12	709	6.0
PORTMAN BLDG SOC 5.2500% 23/11/15-20 GBP	0.22	1,304	5.6
PRUDENTIAL CORP 6.8750% 20/01/23 GBP	0.06	364	5.9
RABOBANK 4.0000% 10/09/15 GBP	0.51	3,042	3.8
ROLLS-ROYCE PLC 6.7500% 30/04/19 GBP	0.18	1,084	5.5
ROYAL BK SCOTLND 7.5000% 29/04/24 GBP	0.16	977	7.3
Royal London (RL FINANCE) 6.1250% 15/12/15 - Perp GBP	0.13	755	9.4
RWE FINANCE BV 5.5000% 06/07/22 GBP	0.36	2,152	4.9
SAFeway PLC Morrisons 6.0000% 10/01/17 GBP	0.11	680	5.3
SCOTTISH & SOUTH 5.0000% 01/10/18 GBP	0.44	2,626	4.5
SCOTTISH & SOUTH 5.4530% 20/09/15 - PERP GBP	0.22	1,277	5.6
SOCIETE GENERALE 5.0000% 20/12/18 GBP	0.09	528	5.6
SOUTH E POWER 5.6250% 30/09/30 GBP	0.10	588	5.1
SPI AUSTRALIA AS 5.1250% 11/02/21 GBP	0.16	973	4.7
STATOILHYDRO ASA 6.8750% 11/03/31 GBP	0.14	844	5.0
SWISS RE 6.3024% 25/05/19 Perp GBP	0.09	507	8.1
TELECOM ITALIA 5.6250% 29/12/15 GBP	0.11	676	5.9
THAMES WATER UTC 5.3750% 21/07/17-25 GBP	0.21	1,243	5.1
THAMES WATER UTC 5.7500% 13/09/22-30 GBP	0.12	740	5.6
TOTAL CAPITAL 4.2500% 08/12/17 GBP	0.21	1,233	3.9
UNILEVER PLC 4.7500% 16/06/17 GBP	0.32	1,902	4.2
WAL-MART STORES 5.6250% 27/03/34 GBP	0.10	590	4.5
WELLCOME TRUST FI 4.6250% 25/07/36 GBP	0.46	2,732	4.2
WELLCOME TRUST FI 4.7500% 28/05/21 GBP	0.07	406	4.2
YORKS WATER BRAD 6.0000% 24/04/25 GBP	0.11	639	5.5

Consolidated Portfolio Valuation

Security	% of Portfolio %	Value as at 31-Dec-11 £	Gross Yield %
United States			
BPCE 12.5000% - VAR 29/06/49 USD	0.12	732	14.0
DOLPHIN ENERGY 5.8880% 15/06/19 USD	0.19	1,147	5.4
SINGAPORE TELECOMMUNICATIONS 4.6250% 15/10/19 USD	0.18	1,096	4.4
TOYOTA MTR CRED 2.8000% 11/01/16 USD	0.15	912	2.7
Europe			
BRAMBLES FINANCE 4.6250% 20/04/18 EUR	0.34	2,029	4.4
HUTCH WHA FIN 09 4.7500% 14/11/16 EUR	0.30	1,770	4.5
MORGAN STANLEY 4.5000% 23/02/16 EUR	0.15	911	4.9
OLD MUTUAL PLC 4.5000% 18/01/12 - 17 EUR	0.04	246	4.6
Hong Kong			
HUT WHA FIN 6.0000% 28/10/15 - PERP USD	0.21	1,221	6.0
Sub-Total	13.4	79,383	
<u>FIXED INTEREST</u>			
Europe			
MUZINICH ENHANCED YIELD SHORT DURATION FUND GBP HEDGED INST INC	0.65	3,836	5.4
Emerging Markets			
INVESTEC EM LC DEBT INC	0.75	4,435	6.7
Sub-Total	1.4	8,271	
<u>ASSET BACKED BONDS</u>			
United Kingdom			
ABBAY NATL TREAS 5.1250% 14/04/21 GBP	0.21	1,227	4.9
DIGNITY FINANCE 8.1510% 31/12/30 GBP	0.30	1,761	6.0
F&C COMMERCIAL 5.2300% 30/06/15 - 17 GBP	0.40	2,382	5.1
SUNDERLAND FINANCE 6.3800% 31/03/22-42 GBP	0.15	899	5.1
TESCO PROPERTY 5.7440% 13/04/11 - 2040 GBP	0.16	928	5.3
TESCO PROPERTY 5.8006% 13/10/11 - 40 GBP	0.38	2,264	5.3
Sub-Total	1.6	9,461	
<u>INFLATION LINKED BONDS</u>			
United Kingdom			
UK TSY I/L GILT 0.7500% 22/03/34 GBP	0.24	1,437	0.6
UK TSY I/L GILT 1.2500% 22/11/27 GBP	0.85	5,043	0.9
Sub-Total	1.1	6,481	

Consolidated Portfolio Valuation

Security	% of Portfolio %	Value as at 31-Dec-11 £	Gross Yield %
<u>EQUITIES</u>			
United Kingdom			
3I GROUP PLC	0.27	1,610	3.1
ADMIRAL GROUP PLC	0.32	1,888	4.8
AGGREKO PLC	0.76	4,487	1.1
ARM HOLDINGS PLC	0.35	2,064	0.6
ASTRAZENECA PLC	1.34	7,949	6.2
BARCLAYS PLC	0.71	4,188	3.5
BG GROUP PLC	1.80	10,663	1.1
BHP BILLITON PLC (GBP)	0.54	3,217	3.7
BP PLC	1.38	8,202	4.2
BT GROUP PLC	0.89	5,270	4.4
CAIRN ENERGY PLC	0.13	796	0.0
CENTRICA PLC	0.72	4,269	5.7
CERES POWER HOLDINGS PLC	0.01	31	0.0
DRAX GROUP PLC	0.71	4,193	6.9
EXPERIAN PLC	0.52	3,069	2.1
F&C ASSET MANAGEMENT PLC	0.18	1,088	5.1
FENNER PLC	0.79	4,697	2.1
FIRSTGROUP PLC	0.18	1,072	7.3
GLAXOSMITHKLINE PLC	1.36	8,056	5.1
HSBC HOLDINGS PLC	0.68	4,023	5.5
ICAP PLC	0.34	2,044	6.4
INVENSYS PLC	0.21	1,225	2.2
JUPITER FUND MANAGEMENT PLC	0.17	987	3.7
LANCASHIRE HOLDINGS LTD	0.33	1,947	1.3
LLOYDS BANKING GROUP PLC	0.47	2,800	0.0
LONMIN PLC (GBP)	0.41	2,405	1.1
MARKS & SPENCER GROUP PLC	0.54	3,204	6.1
OLD MUTUAL UK SEL SMALL-C-ACC	0.73	4,306	0.0
PEARSON PLC	0.83	4,949	3.6
PENNON GROUP PLC	0.62	3,664	3.8
PETROFAC LTD	0.87	5,156	2.0
PREMIER OIL PLC	0.30	1,769	0.0
PRUDENTIAL PLC	0.65	3,872	4.4
ROTORK PLC	0.55	3,239	2.6
ROYAL DUTCH SHELL PLC-B SHS	0.96	5,691	4.3
ST JAMES'S PLACE PLC	0.34	2,013	2.5
TESCO PLC	0.94	5,610	4.1
UK CONSUMER NOTE MAY 23 2014 (UBS)	0.57	3,390	3.7
UNILEVER PLC	0.93	5,509	3.9
VODAFONE GROUP PLC	0.91	5,393	5.7
WM MORRISON SUPERMARKETS	0.43	2,538	3.9
XSTRATA PLC	0.64	3,810	2.1
United States			
AUTOMATIC DATA PROCESSING	0.96	5,712	2.7

Consolidated Portfolio Valuation

Security	% of Portfolio %	Value as at 31-Dec-11 £	Gross Yield %
CITIGROUP INC	0.15	903	0.1
COCA-COLA CO/THE	0.91	5,395	2.7
DU PONT (E.I.) DE NEMOURS	0.66	3,894	3.6
EMERSON ELECTRIC CO	0.75	4,471	3.1
EXXON MOBIL CORP	0.74	4,389	2.2
HJ HEINZ CO	1.04	6,152	3.5
HOME DEPOT INC	1.21	7,204	2.5
INTL BUSINESS MACHINES CORP	0.87	5,138	1.6
INTL FLAVORS & FRAGRANCES	0.50	2,941	2.2
OCCIDENTAL PETROLEUM CORP	0.64	3,777	2.0
PFIZER INC	1.15	6,813	3.7
PNC FINANCIAL SERVICES GROUP	0.76	4,534	2.0
PROCTER & GAMBLE CO/THE	1.08	6,438	3.1
SEADRILL LTD	0.90	5,337	8.7
TIME WARNER INC	0.83	4,910	2.6
VIRGIN MEDIA INC	0.57	3,396	0.7
WAL-MART STORES INC	0.91	5,374	2.4
WASTE MANAGEMENT INC	0.77	4,589	4.2
YUM BRANDS INC	1.03	6,086	1.8
Belgium			
UMICORE	0.45	2,672	2.7
Denmark			
AP MOELLER-MAERSK A/S-B	0.60	3,542	2.6
NOVOZYMES A/S-B SHARES	0.35	2,072	0.9
France			
AIR LIQUIDE SA	0.76	4,518	2.5
DANONE	0.96	5,677	2.7
ESSILOR INTERNATIONAL	0.51	2,999	1.5
FRANCE TELECOM SA	0.32	1,911	11.5
SANOFI	0.59	3,493	4.4
TOTAL SA	0.53	3,129	5.8
Germany			
FRESENIUS MEDICAL CARE AG & CO	0.66	3,939	1.2
KABEL DEUTSCHLAND HOLDING AG	0.35	2,054	0.0
Italy			
SAIPEM SPA	0.30	1,804	1.9
Netherlands			
ASML HOLDING NV	0.37	2,215	1.2

Consolidated Portfolio Valuation

Security	% of Portfolio %	Value as at 31-Dec-11 £	Gross Yield %
Switzerland			
NOVARTIS AG-REG	1.15	6,839	4.1
SWISS RE AG	1.14	6,753	5.7
Japan			
CANON INC	0.97	5,742	3.5
CENTRAL JAPAN RAILWAY CO	0.52	3,062	1.4
NISSAN MOTOR CO LTD	0.45	2,663	2.1
TOKIO MARINE HOLDINGS INC	0.53	3,159	2.8
Australia			
LINC ENERGY LTD	0.07	403	0.0
Hong Kong			
JARDINE MATHESON HLDGS LTD	0.68	4,062	2.5
Singapore			
SINGAPORE AIRPORT TERMINAL SERVICES	0.49	2,911	5.1
UNITED OVERSEAS BANK LTD	0.49	2,902	3.9
Chile			
QUIMICA Y MINERA CHIL-SP ADR	0.42	2,474	1.9
Korea, Republic of			
SAMSUNG ELECTR-GDR REG S	0.35	2,101	0.1
SK TELECOM CO LTD-ADR	0.76	4,490	5.3
Republic of South Africa			
MTN GROUP LTD	0.39	2,330	4.3
Canada			
BANK OF NOVA SCOTIA	0.84	5,010	4.1
Global			
SARASIN AGRISAR - B INC	0.49	2,892	1.2
Sub-Total	59.2	351,623	
<u>DIRECT PROPERTY</u>			
United Kingdom			
SCHRODER EXEMPT PROPERTY	0.23	1,390	4.1
SWIP PROPERTY TRUST-B INC	0.60	3,592	4.2
THE CHARITIES PROPERTY FUND	0.74	4,383	6.2
THE PROPERTY INCOME TRUST FOR CHARITIES	1.16	6,915	7.8

Consolidated Portfolio Valuation

Security	% of Portfolio %	Value as at 31-Dec-11 £	Gross Yield %
THREADNEEDLE PROPERTY UT-INC	0.62	3,684	5.8
THREADNEEDLE UK PROP TR-I-I	0.07	439	4.8
Sub-Total	3.4	20,401	
<u>QUOTED PROPERTY</u>			
United Kingdom			
BRITISH LAND CO PLC	0.61	3,633	5.6
LONDON & STAMFORD PROPERTY PLC	0.29	1,705	7.0
METRIC PROPERTY INVESTMENT PLC	0.15	904	1.9
France			
UNIBAIL-RODAMCO SE	0.28	1,647	5.8
Netherlands			
EUROCOMMERCIAL PROPRTIE-CV	0.34	2,032	7.7
Japan			
MITSUBISHI ESTATE CO LTD	0.19	1,117	1.0
Global			
SARASIN IE REAL ESTATE EQUITY (GBP) - INC	1.45	8,636	2.3
Sub-Total	3.3	19,673	
<u>ALTERNATIVE INVESTMENTS</u>			
United States			
NB DISTRESSED DEBT FUND LTD	0.56	3,338	0.0
Jersey			
3I INFRASTRUCTURE PLC	0.99	5,903	4.9
Global			
BLUECREST ALLBLUE FUND LTD	0.89	5,294	0.0
BREV HOW 2 MAC FX-ED GBP HED	0.57	3,362	0.0
INTERNATIONAL PUBLIC PARTNERSHIP LTD	1.56	9,264	4.8
SALAR FUND PLC-C1GBP DIST	1.38	8,210	3.5
Sub-Total	6.0	35,371	
<u>OPTIONS</u>			
United Kingdom			
BP PLC GBP440.00 PUT OPTIONS FEB 17 2012 (LN - LIFFE)	(0.01)	(58)	0.0

Consolidated Portfolio Valuation

Security	% of Portfolio %	Value as at 31-Dec-11 £	Gross Yield %
BRITISH LAND CO PLC GBP450.00 PUT OPTIONS MAR 16 2012 (LN - LIFFE)	(0.02)	(93)	0.0
United States			
OCCIDENTAL PETROLEUM CORP USD80.00 PUT OPTIONS JAN 21 2012 (US - NYSE AMEX)	0.00	(9)	0.0
France			
UNIBAIL-RODAMCO SE EUR125.00 PUT OPTIONS JAN 20 2012 (NA)	0.00	(8)	0.0
Switzerland			
NESTLE SA-REG (CHF) CHF46.00 PUT OPTIONS MAR 16 2012 (SW - EUREX)	0.00	(8)	0.0
Sub-Total	0.0	(177)	
<u>LIQUID ASSETS</u>			
Liquid Assets			
CASH	1.72	10,185	0.0
Sub-Total	1.7	10,185	
Portfolio Totals		<u><u>593,704</u></u>	

Cash Reconciliation

	£	£	£
Total cash brought forward as at 01-Oct-11			0.00
Add:			
Investment income	5,415.20		
Interest	0.00		
Tax reclaims	0.00		
Capital additions	0.00		
Miscellaneous items	0.00		
	<u>0.00</u>	5,415.20	
Subtract:			
Money paid away	(5,415.20)		
Management fee	0.00		
Custodian charges	0.00		
Miscellaneous items	0.00		
	<u>0.00</u>	(5,415.20)	
Net cash available for investment		<u>0.00</u>	0.00
Investment:			
Purchase and call payments	0.00		
Sales and redemptions	0.00		
Derivatives	0.00		
	<u>0.00</u>		
Net investment/disinvestment			0.00
Effect of exchange rate movement			<u>0.00</u>
Total cash carried forward as at 31-Dec-11			0.00

Cash Transactions

Cash Transactions between 01-Oct-11 and 31-Dec-11

Investment Income Received

Date	Description	Amount	£
Sterling Income Account			
30-Nov-11	INCOME 656938.7320 ALPHA CIF FOR ENDOWMENTS (INCOME UNITS)	4,105.87	
30-Nov-11	INCOME 114472.1950 ALPHA CIF FOR INCOME AND RESERVES (INCOME UNITS)	1,309.33	
	Total	5,415.20	

Money Paid Away

Date	Description	Amount	£
Sterling Income Account			
05-Dec-11	ACCUMULATED INCOME	(5,415.20)	
	Total	(5,415.20)	

Transactions between 01-Oct-11 and 31-Dec-11

There were no transactions undertaken for this portfolio during the period.

Security Transaction Detail

There are no transactions for the reporting period

Custody Holdings as at 31-Dec-11

Holding	Security	Holding	Security
656,938.73	ALPHA CIF FOR ENDOWMENTS (INCOME UNITS)	114,472.20	ALPHA CIF FOR INCOME AND RESERVES (INCOME UNITS)

We confirm that the investments listed above were held on your behalf to the order of Sarasin & Partners LLP Clients' Account by the London Branch of The Bank of New York Mellon, either in the name of their nominee company or in safe custody or to their order by their overseas agents. This statement has been prepared on a trade date basis and therefore includes transactions which were effected but remain unsettled at the date of this report.

Charges and Remuneration Schedule

We have disclosed below the charges levied by us or other members of the Sarasin group within the reporting period.

	01-Oct-11 to 31-Dec-11 £
Investment Management Fees (excl. VAT)	0.00
Commissions	0.00
Initial charges paid on in-house fund purchases	0.00
Cash Management	0.00
Total Remuneration	0.00

Sarasin & Partners receives interest at market rates on your client money balances which are held in client money accounts in a fiduciary capacity. Interest is credited to your account at rates in accordance with your management agreement as previously disclosed to you.

In addition to the 'Total Remuneration', the manager or its associates earn an annual management fee for the following funds held in the portfolio:

ALPHA CIF FOR ENDOWMENTS (INCOME UNITS)	0.75%
ALPHA CIF FOR INCOME AND RESERVES (INCOME UNITS)	0.75%

	Description
General	
Acronyms	<p>AGR - Annualised Growth Rate bp - Basis Point (100th of a Percent) ISA - Individual Savings Account FRN - Floating Rate Note MSCI - Morgan Stanley Capital International Inc LIBOR - London Inter Bank Offered Rate P/L - Profit/Loss S & P - Standard and Poor's YTD - Year to Date</p>
Bloomberg	A source of investment and statistical data, supplied to us electronically.
Summary	
	The summary shows the portfolio's key statistics. The asset allocation breaks the portfolio down by value into the major asset classes. This is followed by the estimated annual income from each category together with the yield. This is the income that the current portfolio would have produced over the last twelve months and it does not take into account any changes to the asset allocation or the level of dividends. The right hand chart shows the portfolio's allocation to each of the major currencies or geographical regions. The performance is summarised at the bottom, using selected time periods, and this is followed by the portfolio's benchmark return.
Look-through Reporting	Where appropriate, we "look-through" the investments that you have in Sarasin funds and consolidate these holdings with the portfolio's direct holdings. The result is shown in the Consolidated Valuation, within the Valuation and Accounting Statements section, and all of the analysis throughout the report uses this consolidated position.
Investment Mandate	
	Shows your investment objectives and latest instructions to us, together with any restrictions.
Index Returns	
	Shows the performance over several periods of any Sarasin funds that you hold. This is followed by the comparable performance for the major asset classes. On the right hand side, the volatility of the fund/index is also reported.
Volatility	The standard deviation of the monthly returns over a rolling 3-year period.
Alpha	
	Shows your absolute performance by major geographic region, sector and theme together with the equity benchmark return, for selected periods. The fourth chart shows the equity holdings that made the biggest contributions to overall performance.
Bonds	
	This section reports various financial indicators and categorisations of all bonds that are held in your portfolio, excluding inflation-linked bonds. All indicators are supplied by Bloomberg.
Coupon	Current interest rate of the bond.
Yield to Maturity	The yield of a bond calculated to maturity, based on the Bid price.
Maturity (years)	The number of years until the bond matures.
Adjusted Duration	The Adjusted Duration is a measure of bond price sensitivity to changes in yield based on the bid price.
Spread to Government	The difference between the yield on a Corporate Bond and the yield on a comparable Government Benchmark issue.
Rating	The average weighted rating of your bond holdings including and excluding government issues.
Percentage of Bonds	The value of the holding expressed as a percentage of your bond holdings.
Government, Treasuries	Refers to sovereign debt issues within a country's local currency only.

Govt Agency, Gtd & Supra

Includes debt issued by government agencies, local governments, quasi-government organisations, plus bond issues with a government guarantee, sovereign issues in non-domestic currencies and debt of supranational bodies.

Thematic Equity Allocation

A breakdown of your portfolio's equity content according to Sarasin & Partners' selected themes. The chart shows the percentage invested in each theme and this is followed by the largest investments in each theme, shown as a percentage of the portfolio's equities.

Geographical Analysis

Compares the Geographic Allocation of your portfolio against a world index. The difference demonstrates by how much your portfolio's exposure to each geographic area varies from that of the index.

Industrial Analysis

Compares the Global Industrial Allocation of your portfolio against a world index. The difference demonstrates by how much your portfolio's exposure to each industrial sector varies from that of the index.

Valuation

This section contains the valuation by holding and separates, where applicable, holdings held in the various tax wrappers such as PEP and ISA. The holdings are expressed by book cost, price, value, the notional profit or loss and projected income in the base currency and yield.

Alternative assets can include structured products, some of which have been structured to provide an economic exposure that may use derivatives. The investment will primarily target an investment theme using traditional assets such as equities, commodities or fixed income, but may also provide exposure to non traditional asset classes such as volatility and correlation. These investments are normally structured as debentures however they may also take the form of preference shares and or warrants. These investments can be subject to illiquidity as perceptions of credit quality adversely change during turbulent market conditions.

Accrued Interest

Interest earned but not yet due and payable.

Book Cost

The total cost of the holding includes brokerage, taxation and any other charges. If a holding has been reduced, the residual book cost reflects the average cost of all previous purchases.

Profit/(Loss)

The difference between the sale proceeds and the book cost (see above). Please note that where the holding being sold has been accumulated through two or more separate purchases, the profit or loss shown here may not be an accurate figure for tax purposes.

% of Portfolio

The value of the holding expressed as a percentage of the entire portfolio.

Estimated Gross Income

This is the gross income that the holding would have produced over the last twelve months. It does not take into account any changes to the asset allocation or the level of dividends.

Consolidated Portfolio Valuation

Provides a consolidated list of all the securities held in your portfolio both directly and via the Sarasin Funds. This provides a complete picture of the portfolio's exposure to individual securities.

The Liquid Assets figure may differ from that shown on the Portfolio Summary and Valuation as some Sarasin Funds are not included in the "look through" on the Consolidated Portfolio Valuation.

Cash Reconciliation

This section reconciles the movements through the portfolio's cash account(s). A summary statement is followed by detailed listings of transactions for Investment Income, Interest, Tax Reclaims, Capital Movements and any miscellaneous items. Deducted from this are any monies paid away including management fees and custodian charges, where applicable.

Effect of exchange rate movement The cash reconciliation shows the movement in your total cash balances exchanged into the base currency of your portfolio. Our system will exchange your transactions and cash balances at the rate used at the beginning of the quarter and compare this with the rate used at the end of the period.

Cash Transactions

Shows all of the portfolio's cash transactions, in date order, for income and capital cash.

Schedule of Transactions

Movements within the portfolio for the period including; purchases, sales, capital events and transfers. The profit or loss is the difference between the notional book cost of the securities sold and the proceeds.

Capital Events

Lists the holdings that under-went a change of capital structure during the period.

Transaction Summary

Summarises all of the transactions and cash movements, including capital events.

Custody Statement

Lists the holdings that are held on your behalf to the order of Sarasin & Partners Clients' Account by the London Branch of The Bank of New York Mellon.



SARASIN
& PARTNERS

Sarasin & Partners LLP, Juxon House, 100 St Paul's Churchyard, London EC4M 8BU

Tel +44(0)20 7038 7000 Fax +44(0)20 7038 6850 marketing@sarasin.co.uk www.sarasin.co.uk

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