

STERLING • DOLLAR • EURO  
TMI LIQUIDITY  FUND

31ST MAY 2010

# TMI STERLING LIQUIDITY SUB-FUND

**NET YIELD**  
0.94%

**WAM**  
63 DAYS

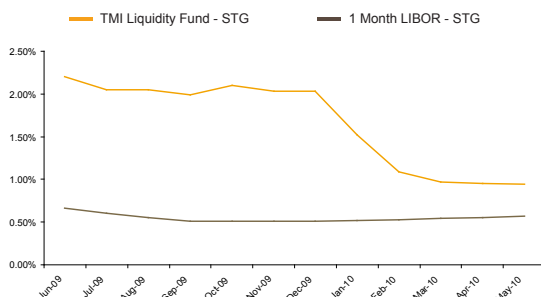
**FUND SIZE**  
£139.8M



## PERFORMANCE - % 1 MONTH RETURNS\*

\*Performance is shown Annualised and Net of fees

	May 09	Jun 09	Jul 09	Aug 09	Sep 09	Oct 09	Nov 09	Dec 09	Jan 10	Feb 10	Mar 10	Apr 10	May 10
Fund	2.30	2.20	2.05	2.05	1.99	2.10	2.03	2.03	1.52	1.09	0.97	0.95	0.94
1 Month Libor	0.74	0.66	0.60	0.55	0.51	0.51	0.51	0.51	0.52	0.53	0.54	0.55	0.56



Annualised Net Return % May 2010	Annualised Gross Return % May 2010	12 Month Average (Net of fees) %	
		Fund	1 Month Libor
0.94	1.18	1.66	0.55

## FUND OBJECTIVE

To maximise current income consistent with the preservation of principal and liquidity by investing in a diversified portfolio of short term debt related instruments.

## FUND DETAILS

Valuation:	£139.8million
Inception Date:	1st November 2006
Domicile:	Isle of Man
Fund Structure:	OEIC
Benchmark:	1 Month LIBOR
Rating*:	AAAf
Bloomberg:	TMIUSLQ
ISIN:	IM00B1GR7P51
SEDOL:	B1GR67P5

\*Standard & Poor's

## INVESTMENT

Price:	£1.00
Initial:	£100,000
Subsequent:	£25,000
Fees:	17.5bps
Valuation Frequency:	Daily
Dealing Deadline:	11.00am
Redemption:	5 business days

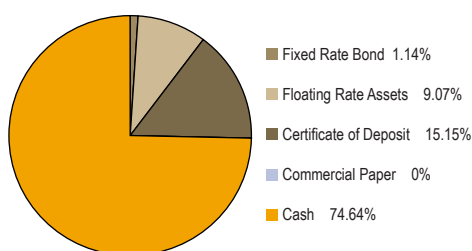
## ENQUIRIES

Tel: +44 (0) 1624 645200  
Email: [info@tmiliquidity.com](mailto:info@tmiliquidity.com)

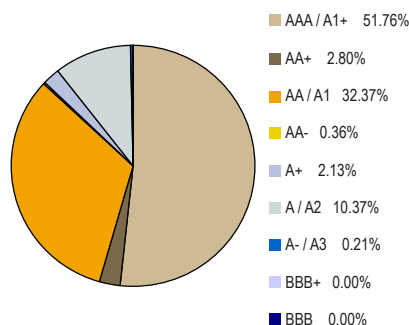
## COMMENTARY

- Volatility started to creep back into markets as risk appetite waned across financial markets as the European sovereign debt crisis intensified in May.
- Markets reacted fairly positively to the new coalition government
- The Monetary Policy Committee (MPC) left policy rates unchanged at 0.50% and the QE asset purchase target at £200m as expected, the decision was a unanimous 9-0.
- LIBOR rates increased across the curve with a rise of 4-6 bps in most fixings from 6 to 12 months.
- The Weighted Average Maturity (WAM) finished May at 63 days. We remain focused on providing adequate liquidity and maintaining the WAM within a 50 - 70 day range. The fund remains well positioned to react as and when the yield curve begins to steepen.
- We have taken the opportunity to extend the WAM a little by placing a small portion of the fund further down the curve with high quality names at elevated levels.
- The fund outperformed it's 1-month LIBOR benchmark by 38 bps. We expect rates to remain low and anticipate that the fund will continue to perform well versus the benchmark in the coming months.

## PORTFOLIO BREAKDOWN



## S&P RATINGS



## WEIGHTED AVERAGE MATURITY IN DAYS

	May 09	Jun 09	Jul 09	Aug 09	Sep 09	Oct 09	Nov 09	Dec 09	Jan 10	Feb 10	Mar 10	Apr 10	May 10
Fund	88	75	78	70	69	83	94	96	75	58	47	56	63



# TMI US DOLLAR LIQUIDITY SUB-FUND

**NET YIELD**  
0.49%

**WAM**  
56 DAYS

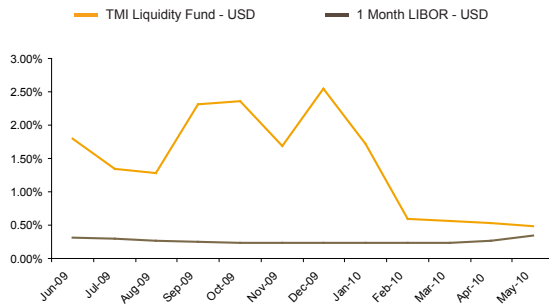
**FUND SIZE**  
\$129.1M



## PERFORMANCE - % 1 MONTH RETURNS\*

\*Performance is shown Annualised and Net of fees

	May 09	Jun 09	Jul 09	Aug 09	Sep 09	Oct 09	Nov 09	Dec 09	Jan 10	Feb 10	Mar 10	Apr 10	May 10
Fund	1.55	1.80	1.35	1.28	2.31	2.36	1.68	2.54	1.72	0.60	0.57	0.53	0.49
1 Month Libor	0.34	0.32	0.29	0.27	0.25	0.24	0.24	0.23	0.23	0.23	0.24	0.26	0.34



Annualised Net Return % May 2010	Annualised Gross Return % May 2010	12 Month Average (Net of fees) %	
		Fund	1 Month Libor
0.49	0.73	1.44	0.26

## FUND OBJECTIVE

To maximise current income consistent with the preservation of principal and liquidity by investing in a diversified portfolio of short term debt related instruments.

## FUND DETAILS

Valuation:	\$129.1million
Inception Date:	1st November 2006
Domicile:	Isle of Man
Fund Structure:	OEIC
Benchmark:	1 Month LIBOR
Rating*:	AAAf
Bloomberg:	TMIUSLQ
ISIN:	IM00B1GR7P51
SEDOL:	B1GR67P5

\*Standard & Poor's

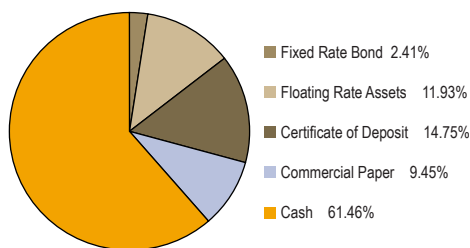
## COMMENTARY

- Volatility started to creep back into markets as risk appetite waned across financial markets as the European sovereign debt crisis intensified in May.
- The Federal Open Market Committee (FOMC) held rates at the current range of 0.00 - 0.25%.
- LIBOR rates rose steeply across the curve as demand for US dollars increased. 3-month LIBOR increased to the highest since July 2009.
- The Weighted Average Maturity (WAM) finished May at 56 days. We remain focused on providing adequate liquidity and maintaining the WAM within a 50 - 70 day range. The fund remains well positioned to react as and when the yield curve begins to steepen.
- We have taken the opportunity to extend the WAM a little by placing a small portion of the fund further down the curve with high quality names at elevated levels.
- The fund outperformed it's 1-month LIBOR benchmark by 15 bps. We expect rates to remain low and anticipate that the fund will continue to perform well versus the benchmark in the coming months.

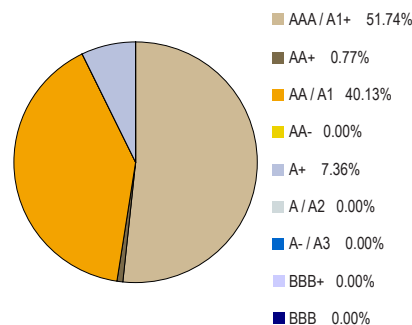
## INVESTMENT

Price:	\$1.00
Initial:	\$100,000
Subsequent:	\$25,000
Fees:	17.5bps
Valuation Frequency:	Daily
Dealing Deadline:	11.00am
Redemption:	5 business days

## PORTFOLIO BREAKDOWN



## S&P RATINGS



## WEIGHTED AVERAGE MATURITY IN DAYS

	May 09	Jun 09	Jul 09	Aug 09	Sep 09	Oct 09	Nov 09	Dec 09	Jan 10	Feb 10	Mar 10	Apr 10	May 10
Fund	58	55	67	55	63	71	68	76	69	57	40	50	56

## ENQUIRIES

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# TMI EURO LIQUIDITY SUB-FUND

**NET YIELD**  
0.44%

**WAM**  
26 DAYS

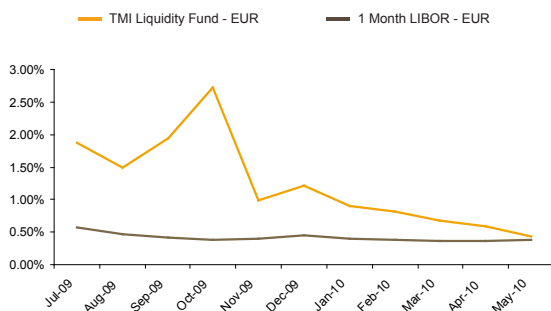
**FUND SIZE**  
€16.2M



## PERFORMANCE - % 1 MONTH RETURNS\*

\*Performance is shown Annualised and Net of fees

	May 09	Jun 09	Jul 09	Aug 09	Sep 09	Oct 09	Nov 09	Dec 09	Jan 10	Feb 10	Mar 10	Apr 10	May 10
Fund	2.16	2.19	1.88	1.50	1.94	2.73	0.98	1.22	0.90	0.82	0.68	0.59	0.44
1 Month Libor	0.88	0.89	0.57	0.46	0.41	0.39	0.40	0.45	0.40	0.38	0.37	0.37	0.39



Annualised Net Return % May 2010	Annualised Gross Return % May 2010	12 Month Average (Net of fees) %	
		Fund	1 Month Libor
0.44	0.71	1.32	0.46

## FUND OBJECTIVE

To maximise current income consistent with the preservation of principal and liquidity by investing in a diversified portfolio of short term debt related instruments.

## FUND DETAILS

Valuation:	€16.2million
Inception Date:	1st April 2008
Domicile:	Isle of Man
Fund Structure:	OEIC
Benchmark:	1 Month LIBOR
Rating*:	AAAf
Bloomberg:	TMIEULQ
ISIN:	IM00B3BJC882
SEDOL:	B3BJC88

\*Standard & Poor's

## INVESTMENT

Price:	€1.00
Initial:	€100,000
Subsequent:	€25,000
Fees:	17.5bps
Valuation Frequency:	Daily
Dealing Deadline:	11.00am
Redemption:	5 business days

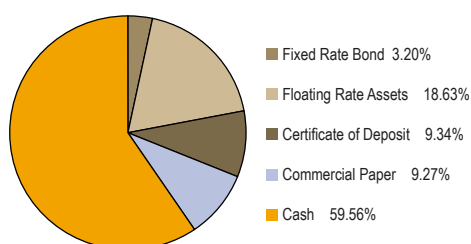
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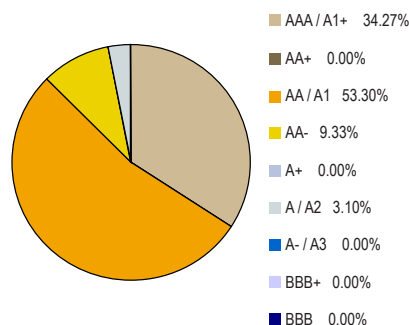
## COMMENTARY

- Volatility started to creep back into markets as risk appetite waned across financial markets as the European sovereign debt crisis intensified in May.
- The European Central Bank (ECB) kept rates on hold at 1%, as expected. The ECB also extended the minimum threshold for collateral of investment grade (BBB-) beyond the end of 2010.
- The European Financial Council announced a bail out of up to €750bn for EU countries, including the ECB buying government bonds.
- LIBOR rates continued to increase across the curve with a rise of 3-5 bps in most fixings from 3 to 12 months.
- The Weighted Average Maturity (WAM) finished May at 26 days. We remain focused on providing adequate liquidity and maintaining the WAM within a 30 - 50 day range. The fund remains well positioned to react as and when the yield curve begins to steepen.
- The fund outperformed its 1-month LIBOR benchmark by 5 bps. We expect rates to remain low and anticipate that the fund will continue to perform well versus the benchmark in the coming months.

## PORTFOLIO BREAKDOWN



## S&P RATINGS



## WEIGHTED AVERAGE MATURITY IN DAYS

	May 09	Jun 09	Jul 09	Aug 09	Sep 09	Oct 09	Nov 09	Dec 09	Jan 10	Feb 10	Mar 10	Apr 10	May 10
Fund	75	55	44	45	34	54	49	54	42	34	31	31	26



## TMI LIQUIDITY FUND PLC

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Thomas Miller Holdings Ltd, the ultimate parent of the Investment Manager, has a 50% shareholding in Portal Fund Administration Limited and has the right to appoint a maximum of two Directors to its Board.

Standard & Poor's Fund Ratings represent an opinion only, not a recommendation to buy or sell.

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