

STERLING • DOLLAR • EURO  
TMI LIQUIDITY  FUND

31ST DECEMBER 2011

BY THOMAS  
MILLER  
INVESTMENT

# TMI STERLING LIQUIDITY SUB-FUND

**NET YIELD**  
0.93%

**WAM**  
73 DAYS

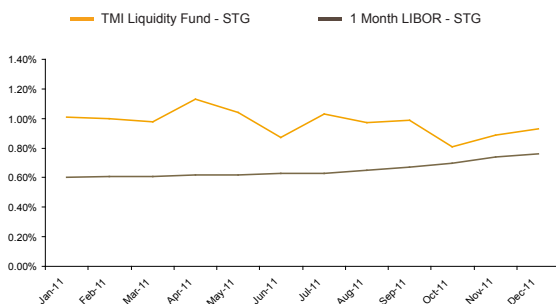
**FUND SIZE**  
£108.1M



## PERFORMANCE - % 1 MONTH RETURNS\*

\*Performance is shown Annualised and Net of fees

	Dec 10	Jan 11	Feb 11	Mar 11	Apr 11	May 11	Jun 11	Jul 11	Aug 11	Sep 11	Oct 11	Nov 11	Dec 11
Fund	0.92	1.01	1.00	0.98	1.13	1.04	0.87	1.03	0.97	0.99	0.81	0.89	0.93
1 Month Libor	0.58	0.60	0.61	0.61	0.62	0.62	0.63	0.63	0.65	0.67	0.70	0.74	0.76



Annualised Net Return % December 2011	Annualised Gross Return % December 2011	12 Month Average (Net of fees) %	
		Fund	1 Month Libor
0.93	1.28	0.97	0.65

## 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:	£108.1million
Inception Date:	1st November 2006
Domicile:	Isle of Man
Fund Structure:	OEIC
Benchmark:	1 Month LIBOR
Rating*:	AAAf
Bloomberg:	TMISTLQ
ISIN:	IM00B1GR6141
SEDOL:	B1GR614

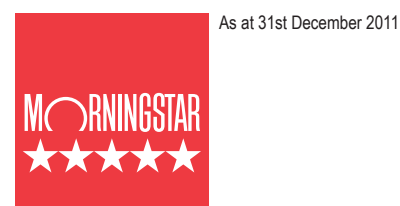
\*Standard & Poor's

## INVESTMENT

Price:	£1.00
Initial:	£100,000
Subsequent:	£25,000
Fees:	15bps
Valuation Frequency:	Daily
Dealing Deadline:	12.00 noon
Redemption:	3 business days

## ENQUIRIES

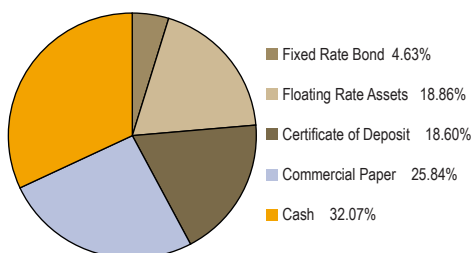
Tel: +44 (0) 1624 645200  
Email: [info@tmiliquidity.com](mailto:info@tmiliquidity.com)



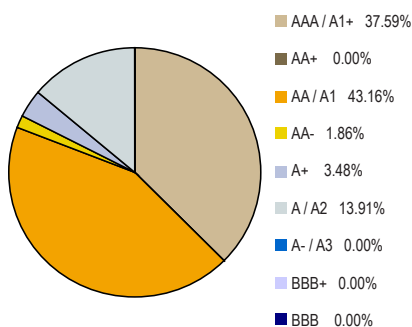
## COMMENTARY

- The Euro Sovereign Debt Crisis continued to cloud markets in December and with added year-end liquidity issues most risk assets were weaker. European leaders agreed a deal to add €200bn to the IMF for propping up Euro zone countries, the news failed to ease pressures felt by peripheral Euro zone countries.
- The Monetary Policy Committee (MPC) voted to leave rates unchanged at 0.50% and maintained the size of the asset purchase program at £275bn. The minutes highlighted that some policy makers believe further stimulus will be required in 2012.
- Standard & Poors placed most of the AAA rated Euro zone sovereign countries (excluding the UK) on review for downgrade, including Germany & France. Days later they placed a number of European Supranationals and banks on review for downgrade.
- LIBOR rates again rose by around 5bps across the curve as funding pressures continue to weigh in the inter-bank system as risk aversion continues.
- We allowed the Weighted Average Maturity (WAM) to shorten to 73 days at the end of December as we increased liquidity ahead of possible year end out flows. We will be looking to extend the WAM to a maximum of 90 days in the first quarter of 2012.
- We kept maturities in the 1 to 3 month range ahead of year end, diversifying away from financials where possible. We added Toyota and Transport for London to the portfolio.
- We remain focused on maintaining a high quality liquid portfolio and continued with a 5% allocation to UK T-Bills. UK T-Bills have benefitted from a flight to quality and yields in December were at a record low and have halved from only a few months earlier.
- The fund outperformed it's 1-month LIBOR benchmark by 17bps. We do not anticipate any change to UK interest rates in the near future and expect rates to remain low into 2012.

## PORTFOLIO BREAKDOWN



## S&P RATINGS



## WEIGHTED AVERAGE MATURITY IN DAYS

	Dec 10	Jan 11	Feb 11	Mar 11	Apr 11	May 11	Jun 11	Jul 11	Aug 11	Sep 11	Oct 11	Nov 11	Dec 11
Fund	82	78	68	66	60	70	70	61	77	70	78	85	73



# TMI US DOLLAR LIQUIDITY SUB-FUND

**NET YIELD**  
0.17%

**WAM**  
36 DAYS

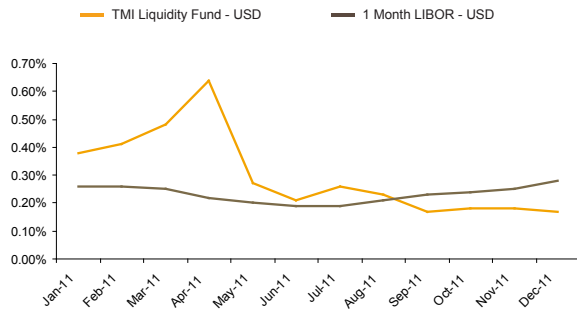
**FUND SIZE**  
\$95.3M



## PERFORMANCE - % 1 MONTH RETURNS\*

\*Performance is shown Annualised and Net of fees

	Dec 10	Jan 11	Feb 11	Mar 11	Apr 11	May 11	Jun 11	Jul 11	Aug 11	Sep 11	Oct 11	Nov 11	Dec 11
Fund	0.34	0.38	0.41	0.48	0.64	0.27	0.21	0.26	0.23	0.17	0.18	0.18	0.17
1 Month Libor	0.26	0.26	0.26	0.25	0.22	0.20	0.19	0.19	0.21	0.23	0.24	0.25	0.28



Annualised Net Return % December 2011	Annualised Gross Return % December 2011	12 Month Average (Net of fees) %	
		Fund	1 Month Libor
0.17	0.61	0.30	0.23

## 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:	\$95.3million
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

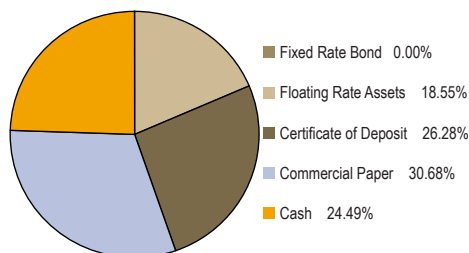
## COMMENTARY

- The Euro Sovereign Debt Crisis continued to cloud markets in December and with added year-end liquidity issues most risk assets were weaker. European leaders agreed a deal to add €200bn to the IMF for propping up Euro zone countries, the news failed to ease pressures felt by peripheral Euro zone countries.
- The Federal Open Market Committee (FOMC) held rates in the range of 0.00% to 0.25% and re-iterated that rates would remain near zero until mid 2013 and that 'operation twist' would continue.
- LIBOR rates rose again by around 4 to 5bps across the curve as funding pressures continue to weigh in the inter-bank system as risk aversion continues.
- We allowed the Weighted Average Maturity (WAM) to shorten to 36 days at the end of December as we increased liquidity ahead of possible year end out flows.
- We kept maturities to 1 month ahead of year end, placing with a Dutch Supranational and the Development Bank of Singapore, the latter benefiting from a Government Guarantee.
- Fluctuations in the daily pricing of the FRN exposure again weighed on the net return of the fund this month, however, we expect the US money market curve to remain fairly flat and that the fund will again outperform versus the benchmark in the coming months.

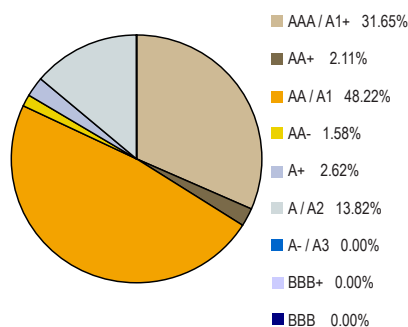
## INVESTMENT

Price:	\$1.00
Initial:	\$100,000
Subsequent:	\$25,000
Fees:	15bps
Valuation Frequency:	Daily
Dealing Deadline:	12.00 noon
Redemption:	3 business days

## PORTFOLIO BREAKDOWN



## S&P RATINGS



## ENQUIRIES

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



As at 31st December 2011

## WEIGHTED AVERAGE MATURITY IN DAYS

	Dec 10	Jan 11	Feb 11	Mar 11	Apr 11	May 11	Jun 11	Jul 11	Aug 11	Sep 11	Oct 11	Nov 11	Dec 11
Fund	38	52	56	39	74	65	49	68	62	52	60	43	36



# TMI EURO LIQUIDITY SUB-FUND

**NET YIELD**  
0.58%

**WAM**  
18 DAYS

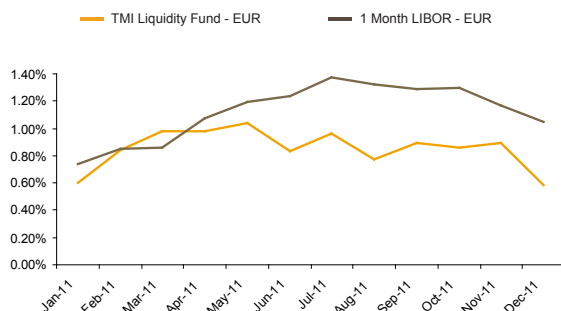
**FUND SIZE**  
€30.7M



## PERFORMANCE - % 1 MONTH RETURNS\*

\*Performance is shown Annualised and Net of fees

	Dec 10	Jan 11	Feb 11	Mar 11	Apr 11	May 11	Jun 11	Jul 11	Aug 11	Sep 11	Oct 11	Nov 11	Dec 11
Fund	0.53	0.60	0.84	0.98	0.98	1.04	0.83	0.96	0.77	0.89	0.86	0.89	0.58
1 Month Libor	0.74	0.73	0.85	0.86	1.07	1.19	1.24	1.37	1.32	1.29	1.30	1.17	1.05



Annualised Net Return % December 2011	Annualised Gross Return % December 2011	12 Month Average (Net of fees) %	
		Fund	1 Month Libor
0.58	1.15	0.85	1.12

## 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:	€30.7million
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:	15bps
Valuation Frequency:	Daily
Dealing Deadline:	12.00 noon
Redemption:	3 business days

## ENQUIRIES

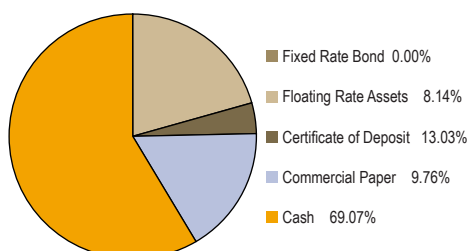
Tel: +44 (0) 1624 645200  
Email: info@tmiliquidity.com



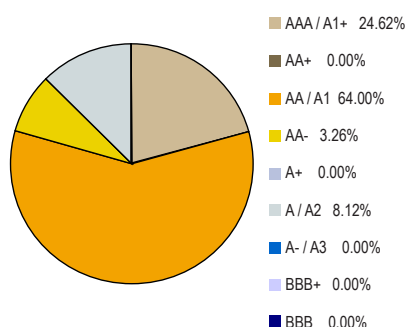
## COMMENTARY

- The Euro Sovereign Debt Crisis continued to cloud markets in December and with added year-end liquidity issues most risk assets were weaker. European leaders agreed a deal to add €200bn to the IMF for propping up Euro zone countries, the news failed to ease pressures felt by peripheral Euro zone countries.
- The ECB cut rates for a second straight month from 1.25% to 1.00% and introduced a new 3 year unlimited LTRO programme at the benchmark rate of 1.00%.
- LIBOR rates fell by 10bps across the curve, with the 3 month LIBOR OIS spread, a measure of banks willingness to lend to each other, making another recent high in December.
- The Weighted Average Maturity (WAM) contracted to 18 days at the end of December. We placed new subscriptions into the fund out into the 3-month part of the curve and will look to increase the WAM as and when opportunities arise.
- We remain focused on maintaining a high quality portfolio and added 3-month German Government Agency paper to the portfolio.
- The fund under-performed it's 1-month LIBOR benchmark in December, this may continue in the coming months as we remain focused on the short end, providing ample liquidity to investors. While excess liquidity in the market means rates offered by quality issuers are somewhat lower than LIBOR benchmark.

## PORTFOLIO BREAKDOWN



## S&P RATINGS



## WEIGHTED AVERAGE MATURITY IN DAYS

	Dec 10	Jan 11	Feb 11	Mar 11	Apr 11	May 11	Jun 11	Jul 11	Aug 11	Sep 11	Oct 11	Nov 11	Dec 11
Fund	23	30	23	23	24	19	17	30	21	20	26	23	18

# TMI LIQUIDITY FUND PLC

## DISCLAIMER

The Manager of TMI Liquidity Fund PLC is Portal Fund Administration Limited, incorporated in the Isle of Man No. 118726C. Business Address: 2nd Floor, Sixty Circular Road, Douglas, Isle of Man, IM1 1SA. The Manager is the holder of a Financial Services Licence issued under section 7 of the Financial Services Act 2008 of the Isle of Man and is licensed by the Financial Supervision Commission of the Isle of Man. The investments are managed by Thomas Miller Investment (Isle of Man) Limited, holder of a Financial Services Licence issued under section 7 of the Financial Services Act 2008 and licensed by the Financial Supervision Commission of the Isle of Man. TMI Liquidity Fund PLC has elected to be a Type A Scheme for the purposes of the Authorised Collective Investments Schemes Regulations 2010 and is a recognised fund in the UK under section 270 of the Financial Services and Markets Act 2000. Investors in the Fund have the protection of the Isle of Man Authorised Collective Investment Schemes (Compensation) Regulations 2008 in the event of the Manager or the Fiduciary Custodian being unable to satisfy claims against them in respect of any civil liability incurred in connection with their business. The Rules made under the Financial Services and Markets Act 2000 in the UK for the protection of private customers do not apply, and the compensation scheme applying in the UK will not be available to investors in the Fund. Further information and a copy of the Funds' Scheme Particulars are available from the Manager and Investment Manager.

This fact sheet has been prepared for information purposes only and only for those jurisdictions in which the TMI Liquidity Fund PLC may be marketed. It is not a solicitation, or an offer, to buy or sell any security. Past performance cannot be relied on as a guide to the future. Income from investments may fluctuate. Investors may not get back the value of their original investment. Changes in exchange rates may have an adverse effect on the value, price or income of foreign currency denominated securities. These funds may not be suitable for all recipients.

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

### Morningstar

Copyright © 2011 Morningstar UK Limited. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results.

## CONTACT DETAILS

If you would like to know more about these funds, please contact:

### Sales Enquiries:

**David Nixon**  
Tel: +44 (0) 1624 645200  
Fax: +44 (0) 1624 645220  
Email: [info@tmiliquidity.com](mailto:info@tmiliquidity.com)  
Website: [www.tmiliquidity.com](http://www.tmiliquidity.com)

### The Investment Manager:

Thomas Miller Investment (Isle of Man) Limited  
Level 2, Samuel Harris House, 5-11 St Georges Street, Douglas, Isle of Man, IM1 1AJ  
Tel: +44 (0) 1624 645200  
Fax: +44 (0) 1624 645220

### The Fund Advisor:

**Christopher Smith**  
Thomas Miller Investment Limited  
90 Fenchurch Street, London, EC3M 4ST  
Tel: +44 (0) 20 7204 2200  
Fax: +44 (0) 20 7204 2737

### The Manager:

Portal Fund Administration Limited  
2nd Floor, Sixty Circular Road, Douglas, Isle of Man, IM1 1SA  
Tel: +44 (0) 1624 689750  
Fax: +44 (0) 1624 689602

## FIDUCIARY CUSTODIAN

BNP Paribas Trust Company (IOM) Limited  
PO Box 57, Merchant's House, 24 North Quay,  
Douglas, Isle of Man, IM99 2PG  
Web: [www.bnpparibas.com/en](http://www.bnpparibas.com/en)

