

STERLING • DOLLAR • EURO  
TMI LIQUIDITY  FUND

31ST OCTOBER 2011

BY THOMAS  
MILLER  
INVESTMENT

# TMI STERLING LIQUIDITY SUB-FUND

**NET YIELD**  
0.81%

**WAM**  
78 DAYS

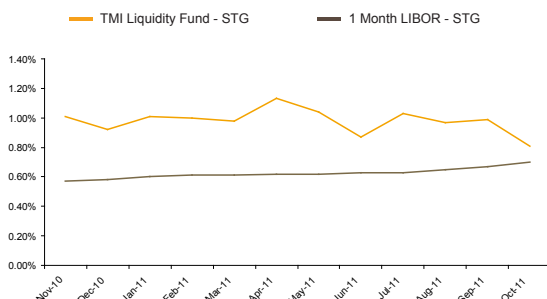
**FUND SIZE**  
£128.7M



## PERFORMANCE - % 1 MONTH RETURNS\*

\*Performance is shown Annualised and Net of fees

	Oct 10	Nov 10	Dec 10	Jan 11	Feb 11	Mar 11	Apr 11	May 11	Jun 11	Jul 11	Aug 11	Sep 11	Oct 11
Fund	1.04	1.01	0.92	1.01	1.00	0.98	1.13	1.04	0.87	1.03	0.97	0.99	0.81
1 Month Libor	0.57	0.57	0.58	0.60	0.61	0.61	0.62	0.62	0.63	0.63	0.65	0.67	0.70



Annualised Net Return % October 2011	Annualised Gross Return % October 2011	12 Month Average (Net of fees) %	
		Fund	1 Month Libor
0.81	1.19	0.98	0.62

## 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:	£128.7million
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



As at 31st October 2011

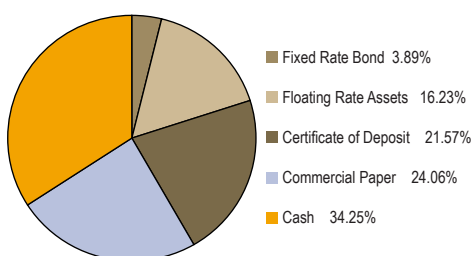


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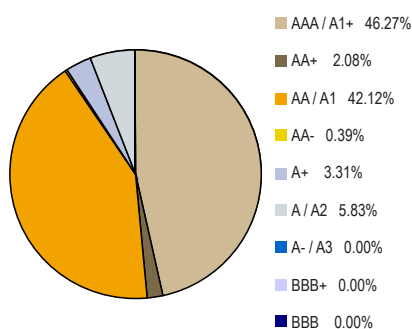
## COMMENTARY

- October remained volatile as news flow and headlines around Europe continued to worry investors. EU leaders announced at the crisis summit on 27th October planned measures to combat the ongoing crisis, namely that the EFSF would be leveraged to €1 trillion, private investors would be forced to accept a 50 percent haircut on Greek Government Bonds and extend a new aid package worth €130 bn for Greece. After an initial relief rally, markets soon plunged as the Greek Prime Minister announce there would be a referendum on the new bailout agreement.
- The Monetary Policy Committee (MPC) voted to leave rates unchanged at 0.50% and surprised markets with the announcement of a further £75bn of asset purchases.
- LIBOR rates again rose by around 3 to 4bps across the curve as funding pressures continue to weigh in the inter-bank system.
- The Weighted Average Maturity (WAM) was at 78 days at the end of October, in line with a maximum target of 90-days.
- We rolled a small portion of the fund with a UK clearing bank into the 12-month part of the curve and continued to favour allocation to counterparts from Scandinavia and Australia along with Government Guaranteed or related names.
- We remain focused on maintaining a high quality portfolio and continue to reduce exposure to European banks, maintaining an allocation of around 10% of the fund to UK T-Bills and commercial paper guaranteed by the UK Government.
- The fund outperformed its 1-month LIBOR benchmark by 11bps. 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

	Oct 10	Nov 10	Dec 10	Jan 11	Feb 11	Mar 11	Apr 11	May 11	Jun 11	Jul 11	Aug 11	Sep 11	Oct 11
Fund	89	93	82	78	68	66	60	70	70	61	77	70	78

# TMI US DOLLAR LIQUIDITY SUB-FUND

**NET YIELD**  
0.18%

**WAM**  
60 DAYS

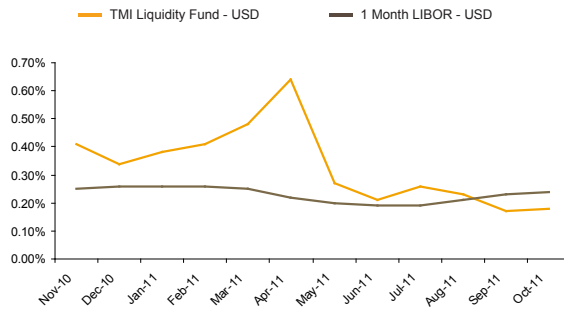
**FUND SIZE**  
\$108.8M



## PERFORMANCE - % 1 MONTH RETURNS\*

\*Performance is shown Annualised and Net of fees

	Oct 10	Nov 10	Dec 10	Jan 11	Feb 11	Mar 11	Apr 11	May 11	Jun 11	Jul 11	Aug 11	Sep 11	Oct 11
Fund	0.49	0.41	0.34	0.38	0.41	0.48	0.64	0.27	0.21	0.26	0.23	0.17	0.18
1 Month Libor	0.26	0.25	0.26	0.26	0.26	0.25	0.22	0.20	0.19	0.19	0.21	0.23	0.24



Annualised Net Return % October 2011	Annualised Gross Return % October 2011	12 Month Average (Net of fees) %	
		Fund	1 Month Libor
0.18	0.55	0.33	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:	\$108.8million
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

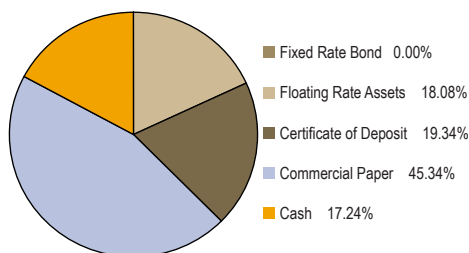
## COMMENTARY

- October remained volatile as news flow and headlines around Europe continued to worry investors. EU leaders announced at the crisis summit on 27th October planned measures to combat the ongoing crisis, namely that the EFSF would be leveraged to €1 trillion, private investors would be forced to accept a 50 percent haircut on Greek Government Bonds and extend a new aid package worth €130 bn for Greece. After an initial relief rally, markets soon plunged as the Greek Prime Minister announced there would be a referendum on the new bailout agreement.
- The Federal Open Market Committee (FOMC) did not meet in October but the September minutes pointed to likely further revisions for lower growth in 2011 and 2012.
- LIBOR rates rose again by around 5 to 6bps across the curve as funding pressures continue to weigh in the inter-bank system.
- The Weighted Average Maturity (WAM) rose to 60 days at the end of October, in line with a maximum target of 90 days.
- We remain focused on maintaining a high quality portfolio and continue to reduce exposure to European banks while increasing exposure to Government Guaranteed or Government Agency commercial paper and favouring allocation to Scandinavian and Asian issuers.
- We continued to focus on the 3-month part of the curve where we are finding good value with AAA rated issuers.
- Fluctuations in the daily pricing of the FRN exposure 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.

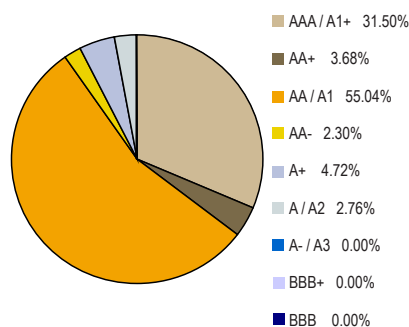
## INVESTMENT

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

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Email: info@tmiliquidity.com



As at 31st October 2011

## WEIGHTED AVERAGE MATURITY IN DAYS

	Oct 10	Nov 10	Dec 10	Jan 11	Feb 11	Mar 11	Apr 11	May 11	Jun 11	Jul 11	Aug 11	Sep 11	Oct 11
Fund	55	46	38	52	56	39	74	65	49	68	62	52	60



# TMI EURO LIQUIDITY SUB-FUND

**NET YIELD**  
0.86%

**WAM**  
26 DAYS

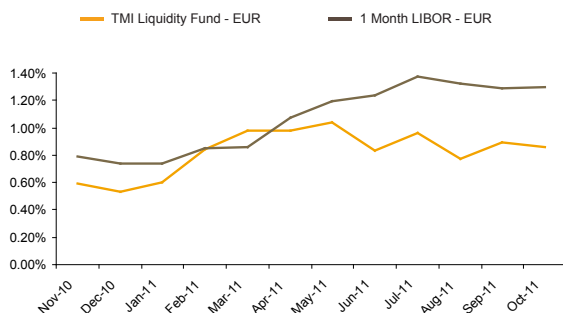
**FUND SIZE**  
€12.1M



## PERFORMANCE - % 1 MONTH RETURNS\*

\*Performance is shown Annualised and Net of fees

	Oct 10	Nov 10	Dec 10	Jan 11	Feb 11	Mar 11	Apr 11	May 11	Jun 11	Jul 11	Aug 11	Sep 11	Oct 11
Fund	0.77	0.59	0.53	0.60	0.84	0.98	0.98	1.04	0.83	0.96	0.77	0.89	0.86
1 Month Libor	0.74	0.79	0.74	0.73	0.85	0.86	1.07	1.19	1.24	1.37	1.32	1.29	1.30



Annualised Net Return % October 2011	Annualised Gross Return % October 2011	12 Month Average (Net of fees) %	
		Fund	1 Month Libor
0.86	1.41	0.82	1.06

## 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:	€12.1million
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

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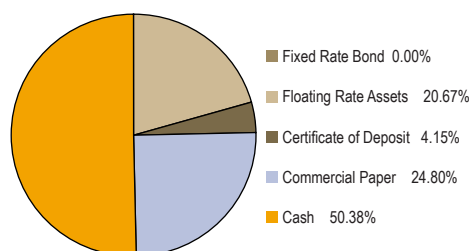


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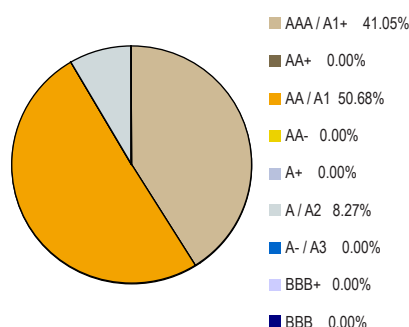
## COMMENTARY

- October remained volatile as news flow and headlines around Europe continued to worry investors. EU leaders announced at the crisis summit on 27th October planned measures to combat the ongoing crisis, namely that the EFSF would be leveraged to €1 trillion, private investors would be forced to accept a 50 percent haircut on Greek Government Bonds and extend a new aid package worth €130 bn for Greece. After an initial relief rally, markets soon plunged as the Greek Prime Minister announced there would be referendum on the new bailout agreement.
- The final meeting of the European Central Bank (ECB) with President Trichet at its head was to hold rates at 1.50%. The ECB also resumed the purchase of covered bonds and re-introduced unlimited full allotment 12-month loans.
- LIBOR rates rose by around 2 to 3bps across the curve as funding pressures continue to weigh in the inter-bank system.
- The Weighted Average Maturity (WAM) rose to 26 days at the end of October.
- We remain focused on maintaining a high quality portfolio and began reducing exposure to some European bank names while increasing exposure to Government Guaranteed or Government Agency commercial paper and favouring allocation to Scandinavian issuers.
- The fund under-performed its 1-month LIBOR benchmark in October, this may continue in the coming months as we remain focused on the short end, providing ample liquidity to investors. While ample liquidity in the market means real rates are somewhat lower than LIBOR benchmark.

## PORTFOLIO BREAKDOWN



## S&P RATINGS



## WEIGHTED AVERAGE MATURITY IN DAYS

	Oct 10	Nov 10	Dec 10	Jan 11	Feb 11	Mar 11	Apr 11	May 11	Jun 11	Jul 11	Aug 11	Sep 11	Oct 11
Fund	30	31	23	30	23	23	24	19	17	30	21	20	26

# TMI LIQUIDITY FUND PLC

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