

STERLING • DOLLAR • EURO
TMI LIQUIDITY  FUND

31ST MAY 2012

BY **THOMAS
MILLER**
INVESTMENT

TMI STERLING LIQUIDITY SUB-FUND

NET YIELD
1.07%

WAM
57 DAYS

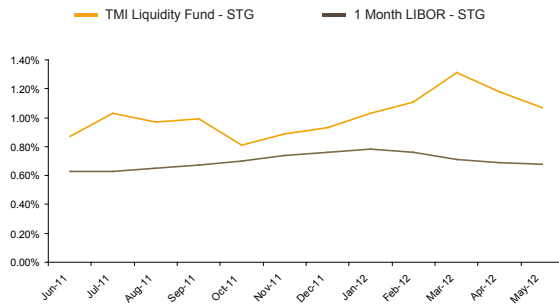
FUND SIZE
£108.0M



PERFORMANCE - % 1 MONTH RETURNS*

*Performance is shown Annualised and Net of fees

	May 11	Jun 11	Jul 11	Aug 11	Sep 11	Oct 11	Nov 11	Dec 11	Jan 12	Feb 12	Mar 12	Apr 12	May 12
Fund	1.04	0.87	1.03	0.97	0.99	0.81	0.89	0.93	1.03	1.11	1.31	1.18	1.07
1 Month Libor	0.62	0.63	0.63	0.65	0.67	0.70	0.74	0.76	0.78	0.76	0.71	0.69	0.68



Annualised Net Return % May 2012	Annualised Gross Return % May 2012	12 Month Average (Net of fees) %	
		Fund	1 Month Libor
1.07	1.31	1.02	0.70

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:	£108.0million
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

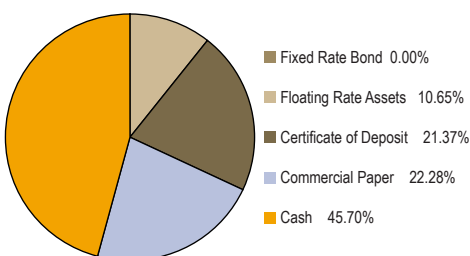
ENQUIRIES

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

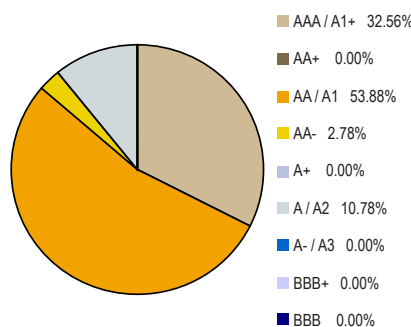
COMMENTARY

- The European Sovereign Debt Crisis intensified once again. Fears about the Spanish banking sector and the elections in Greece and potential exit from the Euro have been the main drivers. That said, liquidity remains ample and despite these worries Money Markets remained stable and rates continued the trend lower.
- The Monetary Policy Committee (MPC) voted to leave rates unchanged at 0.50% and the Asset Purchase Facility at £325bn, in line with expectations. The May inflation report suggested that the new medium-term CPI projections were for 1.6% in two years and 1.7% in three years time.
- LIBOR rates continue to move gradually lower, in May the move was around 2bp across the curve. As banks reduce their short term funding needs market rates have fallen more substantially.
- The Weighted Average Maturity (WAM) fell to 57 days at the end of May as investments neared maturity. We are looking to increase the WAM up to a maximum target of 90 days but only when we feel there is sufficient risk premium.
- Maturities were placed mainly in the three-month part of the curve with Nordea Bank Finland, Bank of Tokyo Mitsubishi and FMS Wertmanagement. We also placed with Transport for London for one-month.
- The fund out-performed the one-month LIBOR benchmark by 39bps. We do not anticipate any change to UK interest rates in the near future and expect rates to remain on hold throughout 2012.

PORTFOLIO BREAKDOWN



S&P RATINGS



WEIGHTED AVERAGE MATURITY IN DAYS

	May 11	Jun 11	Jul 11	Aug 11	Sep 11	Oct 11	Nov 11	Dec 11	Jan 12	Feb 12	Mar 12	Apr 12	May 12
Fund	70	70	61	77	70	78	85	73	85	80	67	76	57



TMI US DOLLAR LIQUIDITY SUB-FUND

NET YIELD
0.33%

WAM
61 DAYS

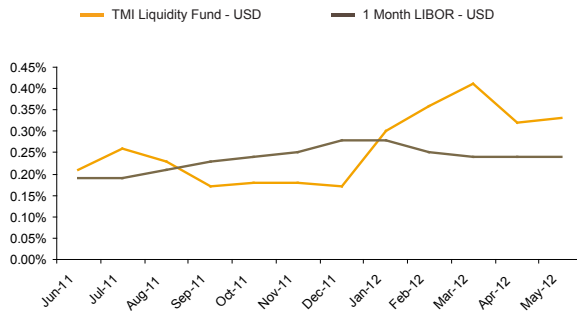
FUND SIZE
\$125.0M



PERFORMANCE - % 1 MONTH RETURNS*

*Performance is shown Annualised and Net of fees

	May 11	Jun 11	Jul 11	Aug 11	Sep 11	Oct 11	Nov 11	Dec 11	Jan 12	Feb 12	Mar 12	Apr 12	May 12
Fund	0.27	0.21	0.26	0.23	0.17	0.18	0.18	0.17	0.30	0.36	0.41	0.32	0.33
1 Month Libor	0.20	0.19	0.19	0.21	0.23	0.24	0.25	0.28	0.28	0.25	0.24	0.24	0.24



Annualised Net Return % May 2012	Annualised Gross Return % May 2012	12 Month Average (Net of fees) %	
		Fund	1 Month Libor
0.33	0.58	0.26	0.24

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:	\$125.0million
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

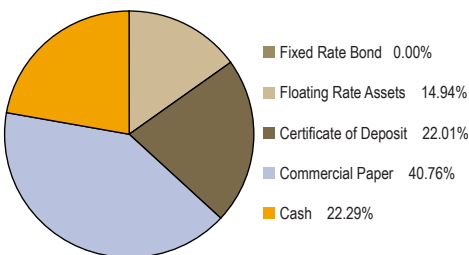
COMMENTARY

- The European Sovereign Debt Crisis intensified once again. Fears about the Spanish banking sector and the elections in Greece and potential exit from the Euro have been the main drivers. That said, liquidity remains ample and despite these worries Money Markets remained stable and rates continued the trend lower.
- The Federal Open Market Committee (FOMC) did not meet in May but the April minutes had a dovish tone.
- LIBOR rates reversed the gradual decline seen in recent months as fixings increased between 1-2bps from 6 to 12 month fixing terms. As banks reduce their short term funding needs market rates have fallen more substantially.
- The Weighted Average Maturity (WAM) fell to 61 days at the end of May, we are looking to maintain the WAM at around this level.
- We mainly concentrated on the 3-month part of the curve adding paper from OCBC Singapore, Development Bank of Singapore, KA Finanz (guaranteed by Austria) and Swedish Housing Finance (Swedish Govt Agency) and also placed 2% each in sub 1-year FRN's issued by National Australia Bank and Rabobank.
- The fund outperformed its 1-month LIBOR benchmark by 9bps, we expect the US money market curve to remain flat and that the fund will outperform versus the benchmark in the coming months.

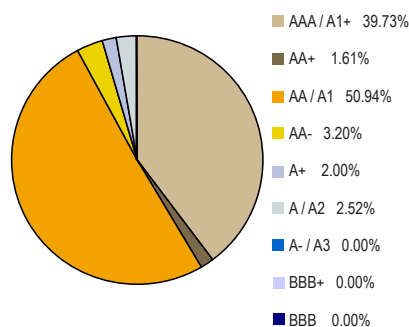
INVESTMENT

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



WEIGHTED AVERAGE MATURITY IN DAYS

	May 11	Jun 11	Jul 11	Aug 11	Sep 11	Oct 11	Nov 11	Dec 11	Jan 12	Feb 12	Mar 12	Apr 12	May 12
Fund	65	49	68	62	52	60	43	36	39	45	38	65	61

ENQUIRIES

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



TMI EURO LIQUIDITY SUB-FUND

NET YIELD
0.33%

WAM
19 DAYS

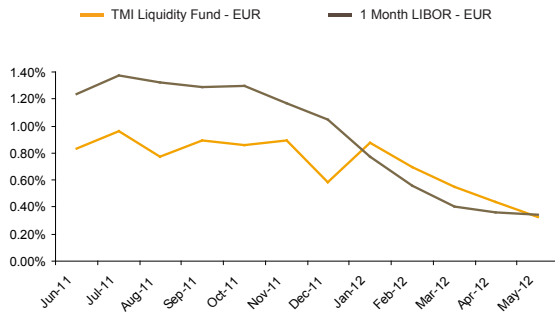
FUND SIZE
€28.7M



PERFORMANCE - % 1 MONTH RETURNS*

*Performance is shown Annualised and Net of fees

	May 11	Jun 11	Jul 11	Aug 11	Sep 11	Oct 11	Nov 11	Dec 11	Jan 12	Feb 12	Mar 12	Apr 12	May 12
Fund	1.04	0.83	0.96	0.77	0.89	0.86	0.89	0.58	0.88	0.70	0.55	0.44	0.33
1 Month Libor	1.19	1.24	1.37	1.32	1.29	1.30	1.17	1.05	0.77	0.56	0.40	0.36	0.34



Annualised Net Return % May 2012	Annualised Gross Return % May 2012	12 Month Average (Net of fees) %	
		Fund	1 Month Libor
0.33	0.60	0.72	0.93

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:	€28.7million
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
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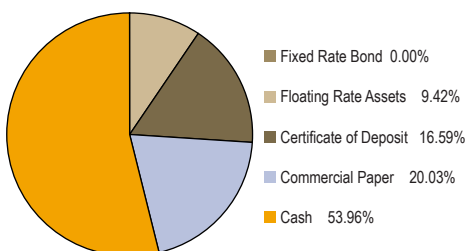
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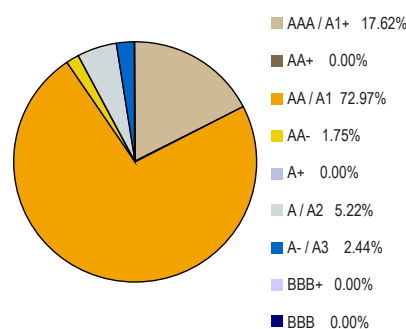
COMMENTARY

- The European Sovereign Debt Crisis intensified once again. Fears about the Spanish banking sector and the elections in Greece and potential exit from the Euro have been the main drivers. That said, liquidity remains ample and despite these worries Money Markets remained stable and rates continued the trend lower.
- The ECB remained on hold at 1.00%, as expected. President Draghi noted that recent data showed uncertainty prevailing but that interest rates remain supportive.
- LIBOR rates continue to move lower and were around 5bps lower across the curve. As banks reduce their short term funding needs market rates have fallen dramatically.
- The Weighted Average Maturity (WAM) fell to 19 days at the end of May. With very little risk premium in the curve we remained focused on the short end and rolled maturities up to 3 months.
- We added a short dated FRN issued by Goldman Sachs to the portfolio paying a coupon of 3-month LIBOR + 30bps.
- The fund underperformed its 1-month LIBOR benchmark by 1bps in May, the excess liquidity injected by the ECB LTRO's has meant that rates offered by quality issuers are substantially lower than LIBOR benchmark and the fund may under perform in the coming months as we focus on maintaining a high quality portfolio.

PORTFOLIO BREAKDOWN



S&P RATINGS



WEIGHTED AVERAGE MATURITY IN DAYS

	May 11	Jun 11	Jul 11	Aug 11	Sep 11	Oct 11	Nov 11	Dec 11	Jan 12	Feb 12	Mar 12	Apr 12	May 12
Fund	19	17	30	21	20	26	23	18	18	20	23	24	19



TMI LIQUIDITY FUND PLC

DISCLAIMER

The Manager of TMI Liquidity Fund PLC is Abacus Financial Services Limited, incorporated in the Isle of Man No. 69975C. 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 Isle of Man Financial Supervision Commission. 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.

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
Website: 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:

Abacus Financial Services 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

