THAMES RIVER CAPITAL

! NEWSFLASH !

THREE THAMES RIVER MULTI-MANAGER FUNDS LINK WITH CANADA LIFE

Thames River Capital has linked three of its multi-manager funds with Canada Life for its life and pensions product range. The Funds, which are managed by Rob Burdett, Gary Potter and their team, are:

Thames River Global Boutiques - AAA rated by S&P and AA by OBSR
Thames River Cautious Managed – AA rated by both S&P and OBSR
Thames River Balanced Managed – AA rated by OBSR

The Thames River Multi-Manager funds celebrated their second anniversary on the 3rd of October and have had a record year of strong inflows recently averaging around £2m per day and with assets under management now totaling well over £300m. Since the launch in October 2007, the team has consistently produced first and second quartile performance across its onshore fund range, building on their impressive track record over the 13 years they have worked together.

Got to be in it to win it!

Following our comprehensive update to clients in October (Client Update issue No.4), we take the opportunity to pass on our latest thoughts. The extract below appeared in a recent New Model Adviser edition.

Equity markets have enjoyed a spectacular rally from the March lows but as the clocks go back and the dark nights lengthen, late October saw one of the strongest tests to the resilience of this bounce. Currency volatility also increased and gold hit new highs. As I write this in the second week of November shares are once again on the bounce but nerves have been jangled – why?

The turn around in sentiment to the negative came as generally positive economic data was greeted with caution - investors treated this news as a sign that policy stimulus is likely to be coming to an end. The US third quarter GDP was

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Our Distribution Fund is now S&P AA rated

STANDARD &POOR'S AA FUND MANAGEMENT RATING

Our Global Boutiques Fund is now S&P AAA rated

STANDARD &POOR'S AAA FUND MANAGEMENT RATING

Conference call audio

Please *click here* to listen to Gary Potter and Rob Burdett's latest conference call. They cover recent market activity and also their thoughts for 2010.

estimated to have increased at an annualised rate of 3.5%, beating estimates. Although this is an impressive headline number, two of the largest constituents (durable goods spending and residential investment) received significant boosts from government aid. This highlights the fragility of the recovery and the importance of end demand increasing.

For pointers to a more robust take on this we can look to the fixed income markets which appear to have heeded the data, rather than pontificating over the withdrawal of QE. For example in October fixed Interest markets were stronger with credit and in particular High Yield credit rising over the month. The IMA Sterling High Yield sector rose by just over 1%.

Given the speed at which the markets have recovered since the lows of March along with the way in which investors have reacted to news flow, markets are delicately poised at this point in time. On a micro level, earnings have by and large beaten (admittedly depressed) expectations. But investors are becoming very choosy and almost exclusively rewarding only those companies with positive sales growth, and selling down other stocks which had beaten expectations via cuts to costs, government subsidies and the like.

Whether a fund manager is a bull, a bear or a fence sitter, we are finding that their conviction levels are lower than any point in the last 9 months; this uncertainty is likely to lead to further volatility in the short term. Underneath this volatility we expect a more medium term theme to be the extension of the current slight suggestion that individual company fundamentals are becoming more important. If we are right then a continued stock market recovery is likely to broaden out from here into a range of sectors. Within each sector any companies that begin to show signs of winning market share through this turbulent economic environment will likely outperform. In short we expect stock-pickers to gain pace over their more strategic and thematic brethren.

Although it is easy to build a reasonably convincing case for both bull and bear at present, on balance we believe that the market could see further gains over the next few months. Money is still cheap and looks likely to remain so for the foreseeable future, it is possible that investors continue to use any weakness in the market as buying opportunities and thus providing support in the short term.

Looking further out, it is clear that risks to growth still remain. As stimulus is withdrawn, demand will need to be picked up by other participants in order to avoid a potential double dip. On the plus side, companies are now leaner than before they entered the economic downturn which should increase the chance of improved margins. Equally if markets run to hard then authorities may see the need to act more quickly than currently expected.

Rolling Year Performance (Feb–Feb) Quartile Ranking†

CSMM	2006/7	2005/6	2004/5	2003/4	2002/3	Since Launch
Constellation	2	2	2	1	1	1
Equity Managed	2 (26th percentile)	1	1	1	2	1
Balanced Managed	2	2*	-	-	-	2**
Cautious Managed	2	1	1	1	3	1

Thames River	1 Year	Since Launch / 2 Years≈
Global Boutiques	**1**	**2**
Equity Managed	**1**	**1**
Balanced Managed	**1**	**2**
Cautious Managed	1	2
Distribution	**1**	**2**

*Performance of Fund from 03.05.05, the date the team assumed management responsibility at Credit Suisse.
**Performance of Fund from 03.05.05 to 28.02.07. The core funds above represented over 70% of the total UK domiciled Multi-Manager assets managed by the team at the time of the team's departure in Feb 2007 and are funds being replicated at TR Multi-Capital.
† Source: Lipper Hindsight % growth TR GBP. All data up to 28.02.07 ≈ Since launch performance 1.10.07 to 01.10.09

Gary Potter and Rob Burdett will be presenting at 8 venues across the country from the 26th January 2010.

ALPHA GENERATORS Delivering performance through active management

For further info on the Alpha Generators roadshow please follow the link www.alphagenerators.co.uk

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Distribution	Cautious Managed	Balanced Managed	Equity Managed	Global Boutiques
A AA	AA AA	AA	AA	AA AAA