ST. JAMES'S PLACE
WEALTH MANAGEMENT

Corporate Bond

Unit Trust

28 February 2013

Investment objective

The Trust aims to achieve an attractive level of income as well as capital appreciation over the medium to long term. To achieve this it will invest into a diversified portfolio which may include but is not limited to investment grade debt, high yield bonds and money market instruments both in the UK and Overseas. The Trust will look to reduce the effect of foreign exchange rates by hedging its non UK exposure back to sterling.

Manager commentary as at 31 December 2012

High yield bonds continued to perform well in the fourth quarter of 2012, rounding off a strong year. Investor risk appetite was buoyed by the efforts of political and monetary authorities to address the problems in the European debt markets and to stimulate economic growth. Further support was agreed in an effort to stabilise Greek government debts, a move which boosted all the eurozone peripheral government bond markets, while all of the major central banks have maintained interest rates at low levels and have boosted programmes of quantitative easing. Growing concerns towards year-end that the 'fiscal cliff of spending cuts and tax rises' could derail US economic growth did not halt investor demand. According to data from Merrill Lynch, European high yield bonds had a total return in the quarter of 8.4% (in sterling terms), the aggregate yield falling 229 basis points to 5.75%. This compares to a return of 2.7% for sterling investment grade corporate bonds and -0.3% for UK Gilts. Within investment grade, financials were strongest, returning 5.1% compared to 1.0% for non-financials. For the year as a whole European high yield bonds returned 25.2%. In these supportive market conditions new supply was strong. According to Barclays €57bn of European high yield bonds were issued across all currencies, up from €46bn in 2011. Defaults remain relatively low, with Moody's reporting a trailing 12-month high yield default rate of 2.3% in November, down from 2.8% a year before.

Fund performance

Five years cumulative performance

Cumulative performance (%)

	3 mth	6 mth	1 yr	3 yr	5 yr
Fund	3.4	10.8	14.0	28.0	43.0

Discrete annual calendar performance (%)

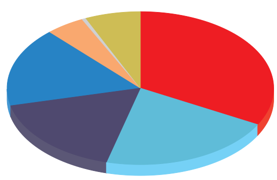
	YTD	2012	2011	2010	2009	2008
Fund	1.2	23.9	-6.2	11.7	37.1	-22.3

Top 10 holdings

1	Enterprise Inns Plc 6.5%	2.0%	6	Origin Energy Finance 7.875%	1.4%
2	CNP Assurances 7.375%	1.9%	7	Unicredit Intl Bank 8.5925%	1.3%
3	Vedanta Resources Jersey 4%	1.8%	8	Credit Agricole SA 8.125%	1.3%
4	Societe Generale 8.875%	1.7%	9	DFS Furniture Hldgs Plc 9.75%	1.3%
5	LBG Capital No.2 Plc 6.385%	1.4%	10	Electricite de France	1.2%

Asset allocation

BB	32.9%
B	21.2%
Not Rated	17.2%
BBB	16.8%
A	4.7%
CCC	0.5%
Cash	6.7%



Manager

Paul Read and Paul Causer
Invesco Perpetual

Fund facts

Fund manager start date
07 April 2008

Units Acc / Inc

Currency classes GBP

Inception date of the fund
01 September 1995

Fund size £477m (at 28 February 2013)

Mandate size* £1308m

Yield Distribution 6.8%
Underlying 5.4%

Distribution dates Feb, May, Aug, Nov

Sector IMA GBP Strategic Bond

Risk rating Low - Medium

Bloomberg -

ISIN GB0007650087

SEDOL 0765008

MEX BPCBSD

Source: Financial Express. All figures are percentage growth on a bid to bid basis for accumulation units, income reinvested and in fund currency. Please be aware that past performance is not indicative of future performance. Equities do not include the security of capital characteristic of a deposit with a bank or building society. The price of units and the income from them may go down as well as up. You may not get back the amount invested.

*This is the total funds under management for the investment mandate across all of the product wrappers.

Unit Trust Yields: The distribution yield reflects the amounts that might be expected to be distributed over the next twelve months. The underlying yield reflects the annualised income net of expenses of the fund (calculated in accordance with relevant accounting standards). Both are calculated as a percentage of the mid-market unit price as at 28 February 2013 and are based on a snapshot of the portfolio on that date. They do not include any preliminary charge and investors may be subject to tax on distributions. The distribution yield is higher than the underlying yield due to the impact of the expenses that are charged to capital. This has the effect of increasing the distributions for the year by 1.1% and constraining the fund's capital performance to an equivalent extent.

Your St. James's Place Partner can provide you with a copy of 'Understanding the balance between risk and reward', which explains investment risk and our risk ratings in more detail.