

Europe Fund Fact Sheet

December 2011

BEDLAM
ASSET MANAGEMENT

Defensives decisive

The fund generated a slight positive return in December, versus an index down nearly 2%, and rose in value by 4.5% for the fourth quarter. Whilst not escaping losses for 2011 as a whole (a year equity investors in Europe will no doubt long remember), the portfolio nevertheless proved itself more defensive than the wider market, outperforming the index by almost 2.5%.

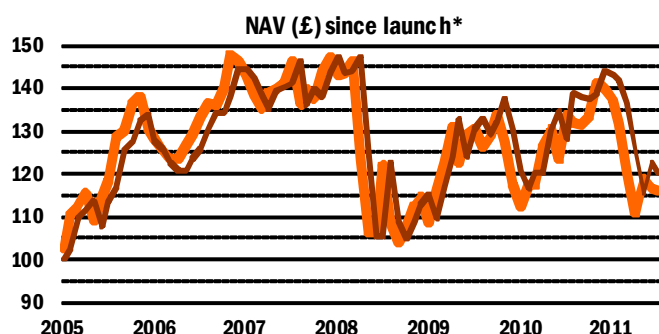
The strongest sector contributions in December came from pharmaceuticals and energy. Oil service stocks were boosted by improving hire rates and the whole sector was lifted by the rise in the oil price towards year-end. Amongst the healthcare stocks Novartis performed best, despite negative trial data for blood pressure drug *Tekturma*. The company is one of the few larger players that should still be able to grow as widely-used drugs lose patent protection. *Sanofi* also rose sharply. Whilst it will suffer the impact of patent loss this year, a leading presence in high-growth emerging markets and the boost from last year's acquisition of Genzyme will mean growth returns by 2013 - sooner than the market had expected. Further good gains were made by consumer staples investments. Imperial Tobacco's Capital Markets Day, in which management promised more focus on innovation and pricing, along with a commitment to further dividend growth, was well received. Food retailer *Ahold* outperformed after a strong third-quarter result in the US. While stockpiling ahead of Hurricane Irene inflated sales temporarily, the group continues to hold share in its home market and gain on its US peers. Elsewhere, *Rosenbauer*, a producer of fire-fighting equipment, announced its largest ever single order - worth €245m. The stock was the biggest individual contributor to performance in the month.

Not all news was positive. The main detractors were *Metro* and *Deutsche Boerse*. The former reduced its profit expectations for the year as the Christmas shopping season got off to a very poor start. The latter weakened after it was forced to announce more concessions to the EU authorities in its bid to tie up with NYSE Euronext. A ruling on the deal has now been delayed until February.

There was no trading during the month. The eurozone crisis lingers on, with little sign of any panacea. Allowing the ECB to print vast quantities of money would provide a short-term solution, which the German taxpayer remains unwilling to fund. A longer-term resolution requires serious economic reform in the southern half of the region, all of which will be deeply unpopular and is therefore unlikely to be approved. While this will make for a turbulent market, the good news is that the fund does not buy the market as a whole. Europe boasts an array of companies with leading products and services that can grow in a variety of economic conditions. The portfolio is invested in the best financed of these.

Key Data

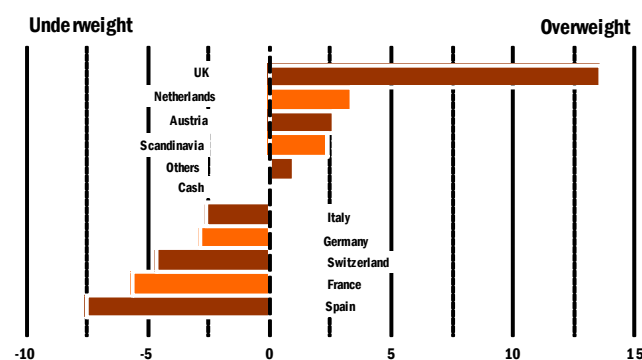
Fund Size	£2.1m	Fund Managers	Felicity Smith Richard Greenwood
NAV A Share	£116.21	Initial Charge	Zero
NAV B Share	£120.25	AMC (B Share)	1.25%
Launch Date/Price	Jun 2005/£100	Investment Strategy	Unconstrained investment in listed European equities, using Bedlam's proprietary single investment process



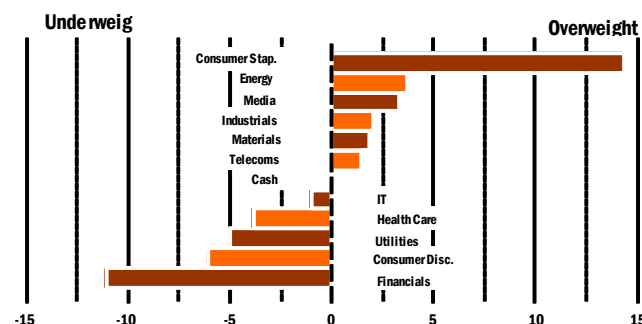
* A share launch 07 June 2005; B share launch 07 June 2005

% Total Return	Month	YTD	1 Year	3 Year (annualised)	5 Year (annualised)	Since Launch (annualised)
A share	-0.1	-13.1	-13.1	-0.8	-0.9	4.0
B share	0.2	-12.7	-12.7	0.8	0.6	4.9
FTSE AW EU ex-UK TR	-1.9	-15.0	-15.0	3.3	-1.0	5.0

Europe Fund country weightings vs FTSE AW EU ex-UK Index (%)



Europe Fund sector weightings vs FTSE AW EU ex-UK Index (%)



Fund Analysis

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Top 10 Holdings (%)

Novartis	5.4
Syngenta	4.7
Reed Elsevier	4.6
Sanofi	4.5
Ahold	4.2
Henkel	4.0
Carlsberg	4.0
Kinnevik	3.8
Symrise	3.8
Imperial Tobacco	3.7

Transactions

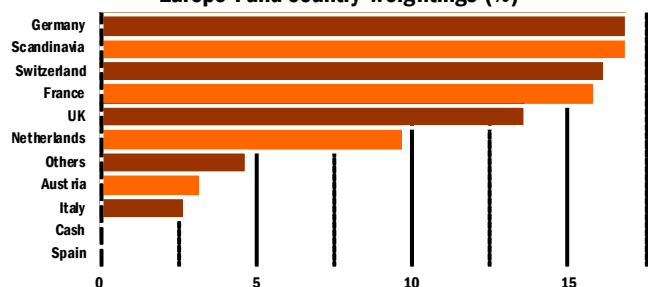
Buys New weighting (%)

Sells New weighting (%)

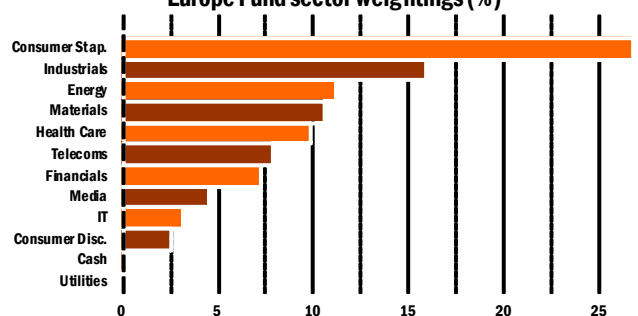
Performance Attribution

Positive (%)		Negative (%)	
Country & Sector	+	Country & Sector	-
Switzerland	0.6	Germany	-0.9
Netherlands	0.5	Russia	-0.3
Health Care	0.6	Telecomm. Services	-0.4
Energy	0.5	Financials	-0.3
Stock +		Stock -	
Rosenbauer	0.4	Metro	-0.5
Novartis	0.4	Deutsche Boerse	-0.3
Ahold	0.3	MTS ADR	-0.3

Europe Fund country weightings (%)



Europe Fund sector weightings (%)



Policy and Objectives

The twin investment objectives are the preservation of capital and the generation of an absolute total return which is significantly in excess of those available from bank deposits and government bonds. These are to be achieved through investment primarily in listed equities meeting Bedlam's proprietary single investment process, which is focused on identifying the best businesses within Europe ex-UK and is unconstrained by indices. The investment universe comprises developed and emerging Europe (including equities listed on a recognised exchange outside Europe where the issuer is Europe-based or derives at least 40% of its revenue, assets, income or expenditure from Europe). The fund will hold a concentrated portfolio of normally 25 to 50 securities and aims always to be fully invested, although it can default up to 60% in cash/near-cash instruments in the event that sufficient stocks cannot be found which meet the strict investment criteria. Simple index put options can be utilised in the interests of capital preservation as part of efficient portfolio management.

Fund Structure

The Fund is an Open Ended Investment Company (OEIC) regulated by the Central Bank of Ireland and fully authorised by the Financial Services Authority (FSA). It has single pricing, in Sterling or Euros, with the option to receive income, or to re-invest. There are three share classes available. 'A' and 'B' shares differ only in their management fees. The A share NAV ('No Gain, No Fee') is net of the daily accrued management fee of up to 1.25% per quarter; this is rebated to the fund post each quarter-end if the quarterly absolute return is less than 1.25%. The B share NAV is after a daily accrued management fee of 1.25% p.a. and any accrued quarterly performance fee based on two absolute return criteria. 'C' shares are € denominated and carry an annual management fee of 1%.

Bedlam Asset Management plc is authorised and regulated by the Financial Services Authority (212757).

Bedlam Funds plc is regulated by the Central Bank of Ireland pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2003 as amended by the European Communities (Undertakings for Collective Investment in Transferable Securities) (Amendment) Regulations, 2003 (the 'UCITS Regulations') and is a recognised collective investment scheme for the purposes of section 264 of the United Kingdom Financial Services and Markets Act, 2000. Shares in Bedlam Funds plc may only be sold on the terms of, and pursuant to, its most recent prospectus.

Dealing & Administration (via Northern Trust)

Pricing	Daily, 12 midday	Telephone	00 353 1 542 2907
Dealing cut-off point	5pm	Fax	00 353 1 434 5231
SEDOL 'A' shares	B02YSB6	Dividends	Distributor status
ISIN 'A' shares	IE00B02YSB61	Ex-dividend dates	31 March / 30 September
SEDOL 'B' shares	B02YSD8	Pay/reinvest dates	April / October
ISIN 'B' shares	IE00B02YSD85	Minimum investment	£3,000 (A & B Share)
ISA	Yes		€500,000 (C Share)
SIPP/SASS	Yes		

This document is not investment advice or a recommendation to purchase, hold or sell a security. Past performance is not a reliable indicator of future results.

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