

UK Fund Fact Sheet

December 2011



Party Gaining

The fund made a marginal loss on the month, whilst the FTSE All Share returned 0.8%. The main reason for the underperformance was a sharp drop in the gold price, as the dollar strengthened in the wake of growing mistrust of the euro. This led to significant falls in the gold mining stocks. Bar this one factor, the fund's holdings performed extremely well, with several large-cap companies rising more than 5%, most notably Imperial Tobacco and Royal Dutch Shell. The outstanding contributor, however, was Bwin.Party Digital Entertainment (the erstwhile PartyGaming), which shot up more than 20% on the news that the US stance on online gaming was markedly easing. Specifically, the Department of Justice announced that it considered the Wire Act only to apply to online sports-betting, leaving the door open for individual states to allow online casino and poker games. Bwin.Party, which recently signed partnership agreements with local casino companies Boyd and MGM, should be well positioned to benefit from progress on this front, not least because it has retained US client lists from its previous entry into the American market.

There was little change in the global economy; austerity measures enacted across Europe, and the possibility of the eurozone breaking up, reduced confidence in the UK's ability to expand its exports. Moreover, public sector debt levels continued to rise, hampering any increases in private sector lending and thus condemning swathes of developed economies - and emerging markets which export to them - to negligible or negative GDP growth. In the medium term, the fact that David Cameron vetoed an EU-wide attempt to address the euro crisis is largely irrelevant to the economic prospects of both the UK and the eurozone countries; the tide of demand destruction has already turned.

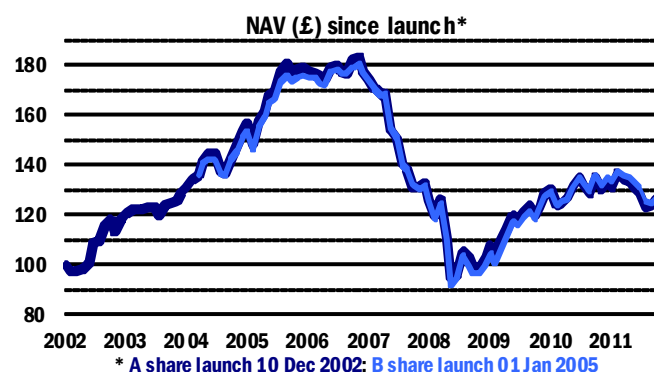
Typically for this time of year, results and news from the fund's holdings were few and far between, but were generally good. In a trading update, Bunzl reassured on the strength of its cash flows and its steady growth trend. The stock rose 5%. GlaxoSmithKline's 5% gain owed more to the disposal of some of its consumer healthcare brands in the US than to the knighthood received by CEO Andrew Witty in the New Year's honours. Smith & Nephew reacted well to positive industry data on artificial hips and knees from one of its competitors, rising 8% on the month. Balfour Beatty was pleasingly buoyant as US construction data suggested that the market may be turning. Pearson meanwhile announced the disposal of its 50% stake in FTSE International, the widely used market index business.

Few transactions were necessary in the month. Profits were taken from the holding in Rank Group, which had benefited from a favourable ECJ ruling on VAT; the stock subsequently fell back almost 14%. After a review of Costain, the position was cut, as their exposure to utilities markets, which are under increasing regulatory pressure, is likely to prove a significant headwind in 2012.

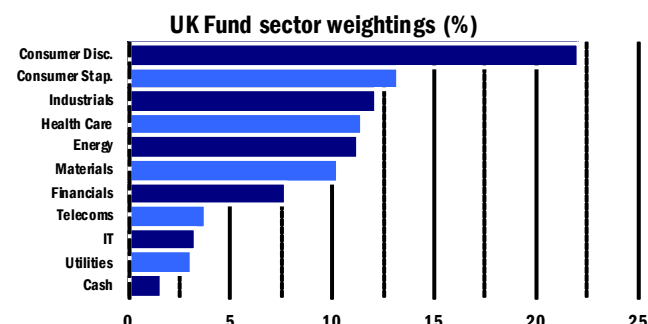
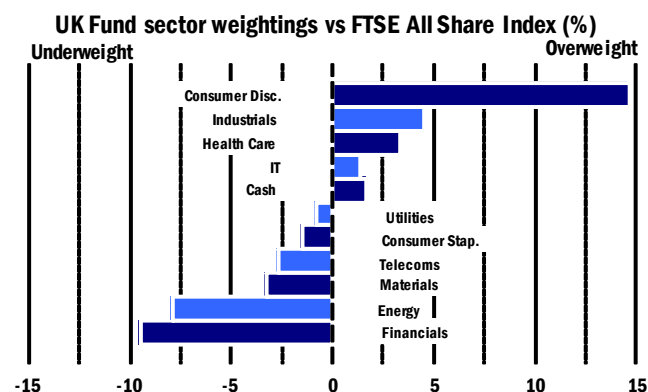
Key Data

| | | | |
|--------------------------|---------------|-----------------------|-------------------|
| Fund Size | £4.2m | Fund Managers | Felicity Smith |
| NAV A Share | £125.06 | | Richard Greenwood |
| NAV B Share | £126.02 | Initial Charge | Zero |
| Launch Date/Price | Dec 2002/£100 | AMC (B Share) | 1.25% |

Investment Strategy Unconstrained investment in listed UK equities, using Bedlam's proprietary single investment process



| % Total Return | Month | YTD | 1 Year | 3 Year (annualised) | 5 Year (annualised) | Since Launch (annualised) |
|--------------------------|-------|------|--------|---------------------|---------------------|---------------------------|
| A Share | -0.7 | -6.9 | -6.9 | 8.4 | -3.9 | 5.3 |
| B Share | -0.4 | -5.8 | -5.8 | 10.1 | -3.0 | N/A |
| FTSE All Share TR | 0.8 | -3.5 | -3.5 | 12.9 | 1.2 | 8.3 |



Top 10 Holdings (%)

| | | |
|-------------------|-----|--------------------------------|
| WM Morrison | 4.4 | Buys New weighting (%) |
| Imperial Tobacco | 4.3 | |
| Astrazeneca | 4.3 | |
| GlaxoSmithKline | 4.1 | |
| Bunzl | 3.9 | |
| Vodafone | 3.8 | Sells New weighting (%) |
| Smiths Group | 3.6 | |
| Royal Dutch Shell | 3.3 | |
| Balfour Beatty | 3.3 | |
| Invensys | 3.3 | |

Transactions

Rank Group 2.3

Costain 1.4

Performance Attribution

| Positive (%) | | Negative (%) | |
|----------------------------|-----|--------------------|------|
| Sector | + | Sector | - |
| Consumer Discretionary | 0.5 | Precious Metals | -1.7 |
| Health Care | 0.5 | Media | -0.2 |
| Energy | 0.2 | Utilities | -0.1 |
| Telecommunication Services | 0.2 | Industrials | -0.1 |
| Stock | + | Stock | - |
| Bwin Party Gaming | 0.5 | Agnico-Eagle Mines | -0.5 |
| Imperial Tobacco | 0.3 | Goldcorp | -0.5 |
| Royal Dutch Shell | 0.2 | Rank Group | -0.4 |

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 and is unconstrained by indices. The investment universe comprises the UK (including equities listed on a recognised exchange outside the UK where the issuer is UK-based or derives at least 40% of its revenue, assets, income or expenditure from the UK), with up to 15% in overseas securities operating in sectors not well represented in the UK. 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%.

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 | 3203903 | Dividends | Distributor status |
| ISIN 'A' shares | IE0032039038 | Ex-dividend dates | 31 March / 30 September |
| SEDOL 'B' shares | B02YS61 | Pay/reinvest dates | April / October |
| ISIN 'B' shares | IE00B02YS618 | Minimum investment | £3,000 (A & B Share) |
| ISA | Yes | | €500,000 (C Share) |
| SIPP/SASS | Yes | | |

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.

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.