



IM DISTINCTION DIVERSIFIED REAL RETURN (DRR) FUND

INVESTMENT UPDATE

as at 30 April 2012

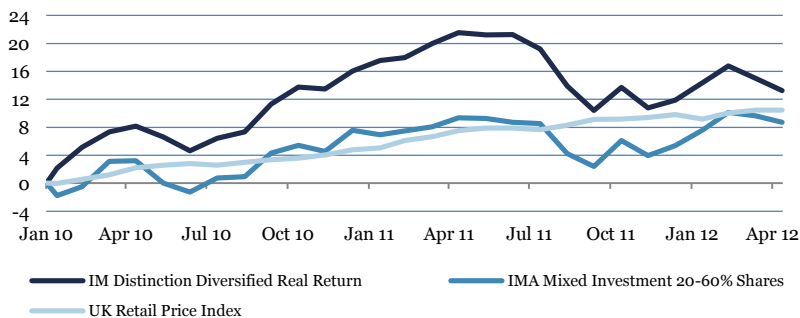
INVESTMENT OBJECTIVE

The IM Distinction Diversified Real Return (DRR) Fund targets a capital return in excess of inflation (UK RPI) +4% per annum over a seven-year market cycle.

FUND STRATEGY

The DRR fund's broad opportunity set and dynamic flexibility creates what we believe is the potential for much better risk-adjusted returns than traditional investments. The Fund seeks long-term capital appreciation through a flexible and diversified asset allocation across all liquid, global asset classes. The Fund is diversified across a range of global investment themes as well as a diverse range of regions, asset classes and investment strategies. It allocates dynamically across both traditional and alternative asset classes gaining exposure, either directly or indirectly, to a range of assets including cash and near cash, deposits, money market instruments, fixed income, equity, real estate, commodity indices and currencies.

PERFORMANCE %



Source: Lipper IM. Past performance is not a guarantee to future returns.

DISCRETE ANNUAL PERFORMANCE TO QUARTER END %

To 31 Mar	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012
	n/a	n/a	n/a	11.8	-4.2

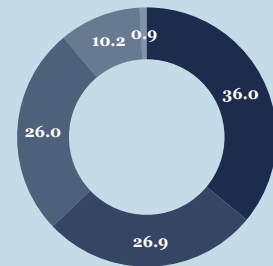
CUMULATIVE PERFORMANCE %

To 30 Apr 12	Fund	Benchmark	Sector
1 Month	-1.5	0.0	-0.8
3 Months	-1.0	1.2	1.0
Year to Date	1.2	0.6	3.2
1 Year	-6.8	2.7	-0.6
Since Inception (% p.a.)	5.6	4.5	3.7

Past performance is not a guide to future performance. Any investment decision should not be made on the basis of short-term performance. This is intended to be a medium to long-term investment. Basis: Total return 'net' of annual management charge, and UK tax. Source: Lipper IM, a REUTERS company. The fund inception date is 19th January 2010, benchmark is UK Retail Price Index (RPI) and the sector is represented by the IMA Mixed Investment 20-60% Shares* sector, which changed name from the IMA Cautious Managed sector on 1 January 2012.

ASSET ALLOCATION (%)

Fixed income	36.0
Equity	26.9
Alternative	26.0
Commodities	10.2
Real estate	0.9



TOP 10 HOLDINGS (%)

iShares S&P Global Water 50 GBP	9.3
Muzinich Short Duration High Yield GBP	8.7
SX5E Dividend Dec 15	5.9
Merrill Lynch SA (Commod Alpha GBP)	5.2
db x-trackers DJ Stoxx 600 Healthcare ETF	4.8
Fidelity Global Inflation-Linked Bond Fund	4.8
db x-trackers MSCI Brazil Index ETF GBP	4.6
iShares DJ Asia/Pacific Select Div GBP	4.2
CNYUSD 2012-06-14 Forward	4.2
SGDUSD 2012-07-05 Forward	4.1

RISK STATISTICS

Standard Deviation (%)	7.2
Sharpe Ratio	0.5
Sortino Ratio	0.5

Risk statistics are based on annualised, monthly values, and represent the period since launch, at month end (31 January 2010).

STANDARD DEVIATION: A statistical measure of the variability of returns. Though often used to quantify risk, it assumes a normal distribution of returns.

SHARPE RATIO: Sharpe Ratio is the measure of the total risk-reward trade-off of an investment vehicle, calculated as the excess return divided by the variability of the return (Standard Deviation).

SORTINO RATIO: The Sortino ratio is a measure of the risk-adjusted return of an instrument, portfolio or investment fund. It is a modification of the Sharpe ratio but only penalises the returns falling below a user-specified target, or required rate of return, while the Sharpe ratio penalizes both upside and downside volatility equally.

Source for all performance data is Lipper IM and the allocation data is sourced from Armstrong Investment Managers (AIM).

Performance figures show total return, 'net' of UK tax and 'net' of annual management charge.

The value of an investment and the income from it can fall as well as rise and you may not get back the amount originally invested.



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FUND MANAGER COMMENTS

Markets turned negative during April with European politics and a softer patch of US economic data unnerving investors. A likely change of president and policy in France, combined with the collapse of the Dutch coalition, served as a reminder of how fragile sentiment remains. Within bond markets Spanish, Italian and French 10-year bond yields continued to widen, while German and UK yields contracted. The FTSE 100 index fell 2.1%, while gilts rose 0.4% in sterling total return terms.

The Diversified Real Return Fund fell 1.5% in sterling, total return terms during the month.

The general risk aversion hit many of our holdings with Brazilian equities and commodities amongst the biggest fallers in absolute terms. This was offset by our short exposure to the Euro Stoxx 50 and Russell 2000 indices. There was also positive performance from the Fidelity Global Inflation Linked Bond and Muzinich Short Duration High Yield funds, AT&T and Coca-Cola.

We increased our bet against German government bonds as yields shrank below those on offer in Japan for the first time in more than 20 years. We see relatively little downside risk to this trade unless deflation takes hold. This looks particularly unlikely in Germany where unemployment is at a multi-decade low, wage demands are increasing and rates remain artificially low.

LEAD MANAGERS



Dr Ana Cukic Armstrong is joint managing partner of AIM. She previously worked as co-head of Insight Investment's Multi-Asset Group, head of portfolio construction at UBS and as an analyst at Fischer Francis and Coutts. Ana has a PhD and an MBA from Imperial College.



Patrick Armstrong is joint managing partner of AIM. He previously worked as co-head of Insight Investment's Multi-Asset Group, head of manager selection at UBS and as an equity analyst at Deutsche Bank. Patrick has an MBA from the Rotman School of Management and is a Chartered Financial Analyst.

The value of an investment and the income from it can fall as well as rise and you may not get back the amount originally invested. Tax assumptions and reliefs depend upon an investor's particular circumstances and may change if those circumstances or the law change. If you invest through a third party provider you are advised to consult them directly as charges, performance and terms and conditions may differ materially. Past performance is not an indicator of future performance. Full details of the risks can be found in the Simplified Prospectus which can be obtained, free of charge, from Armstrong Investment Managers LLP (AIM) or IFDS. Nothing in this document should be construed as investment advice. Issued by Distinction Asset Management (an appointed representative of AIM), and approved by Armstrong Investment Managers LLP (AIM), which is authorised and regulated by the Financial Services Authority FSA no. 503693. IFDS Managers Ltd is the Authorised Corporate Director (ACD) of IM Distinction Multi-Asset Funds and is authorised and regulated by the Financial Services Authority. Registered office: IFDS House, St Nicholas Lane, Basildon, Essex SS15 5FS

FUND FACTS

Fund size	£58.5m
Launched	19 January 2010
Domicile	UK
Target	UK RPI + 4% p.a.
Investment manager	Armstrong Investment Managers LLP
Lead managers	Dr Ana Armstrong Patrick Armstrong
Currency	GBP
Valuation	daily 12pm, single NAV
ACD	IFDS Managers Ltd
Initial charge	A class 5%
AMC	1.5% p.a.
IMA sector	IMA Mixed Investment 20-60% Shares*
ISIN	A – GB00B55LBR68
Sedol	A – B55LBR6
Minimum investment	£1,000

*On 1 January 2012 the IMA Cautious Managed sector changed name to the IMA Mixed Investment 20-60% Shares sector.

ADMINISTRATOR

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