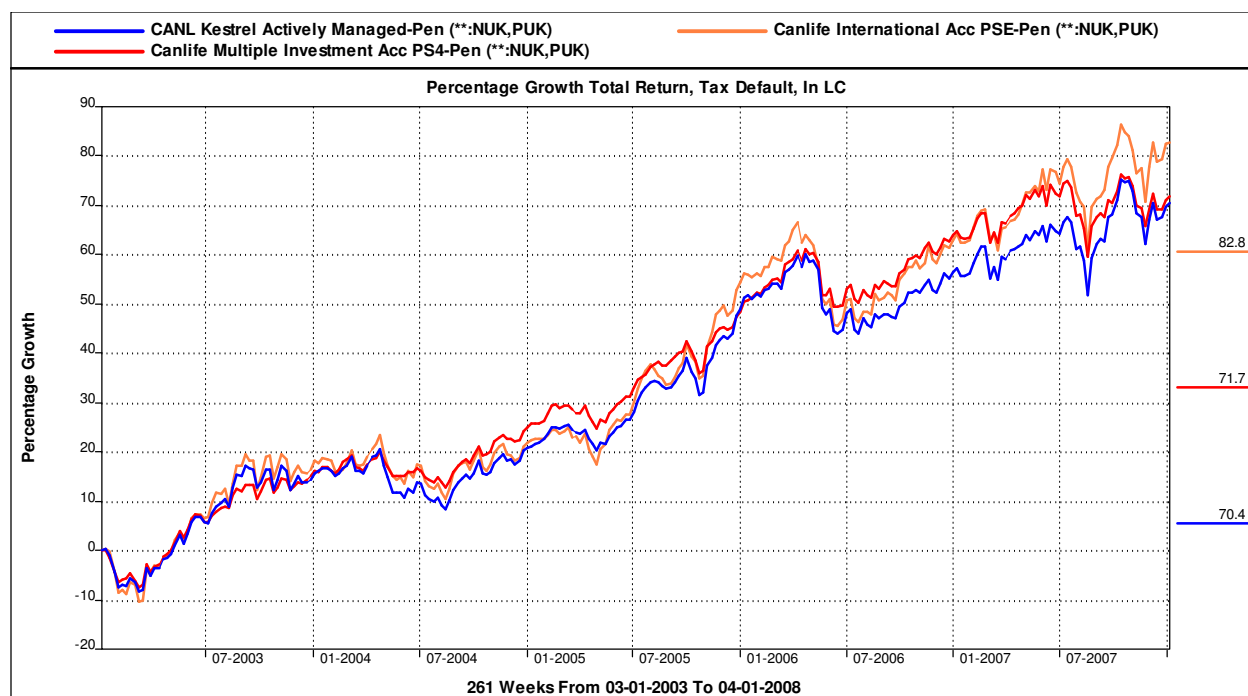


KESTREL ACTIVELY MANAGED FUND



User may have modified the original chart and axis titles provided by Lipper.

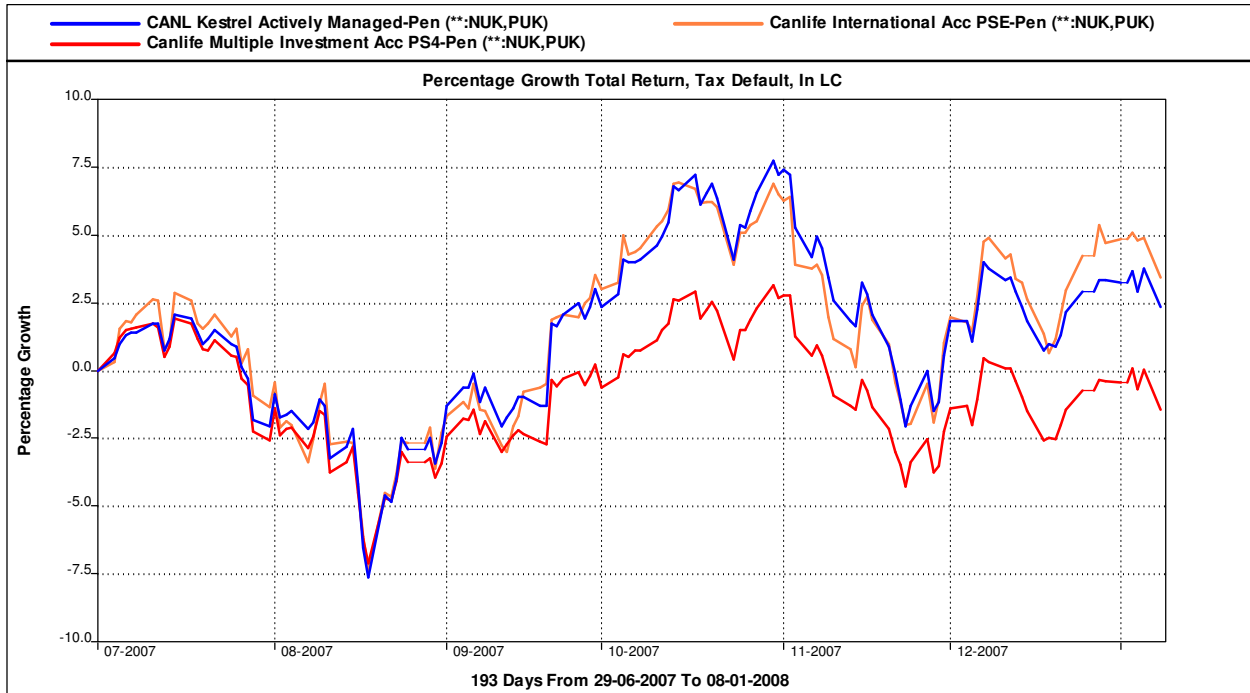


Geographical Breakdown as at January 2008	
	<i>%</i>
European	10.00
Pacific	6.00
UK Blue Chip	5.00
UK Value/Spec. Sits.	15.00
Multiple	5.00
Cautious	20.00
Equity	4.00
Emerging Markets	5.00
Int Fixed Interest	5.00
G'teed Money	25.00
TOTAL	100.00

Fund Managers Comments

Expectations of a difficult year in 2008 were confirmed when the non-farming payroll figures for December in the USA showed a mere 18,000 jobs had been created against the forecast of 70,000 plus. In the UK, retail sales over the Christmas period were poor and evidence of the credit crunch continues to impact on disposable incomes. In the meantime energy and world food prices are escalating and while central banks are expected to reduce interest rates the effects on both the Dollar and Pound Sterling together with higher inflationary effects are impacting on worlds stock markets. This background has led the manager to take profits from equities principally in the UK and Europe and the portfolio now has a strong cautious bias.

The six month chart shows that on a risk to return basis the Kestrel fund should now be set to outperform both the international and mixed funds on the basis of our above assessment.



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