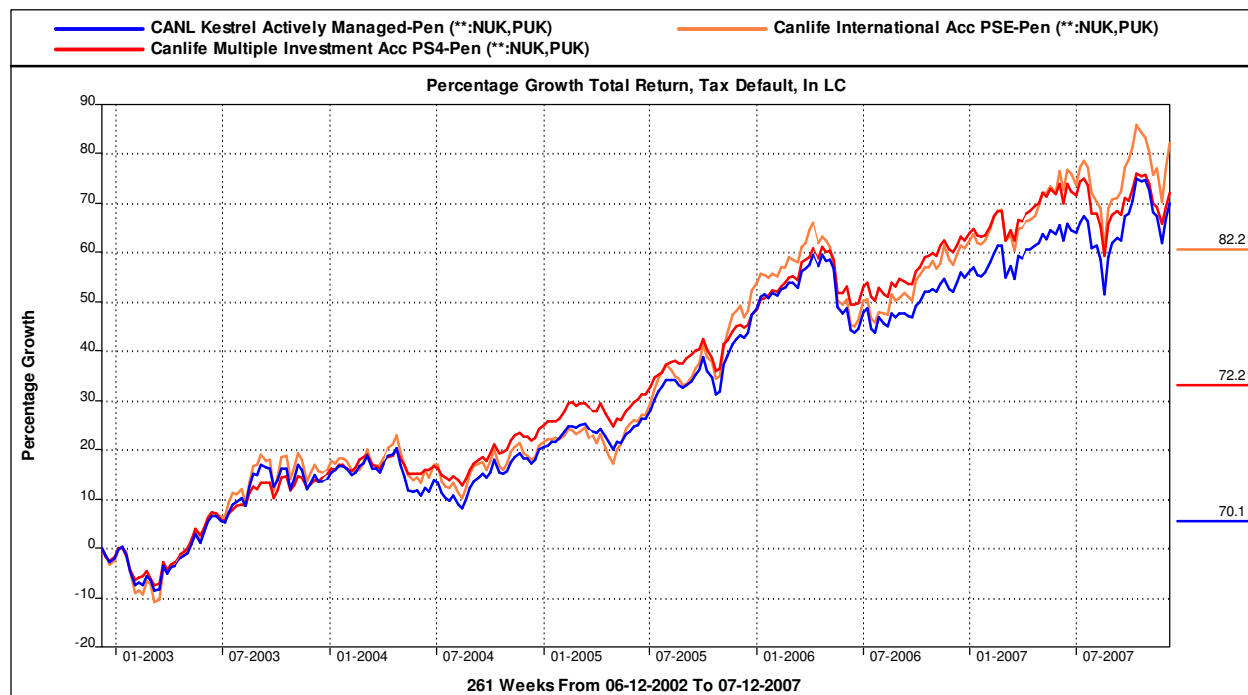


## KESTREL ACTIVELY MANAGED FUND



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

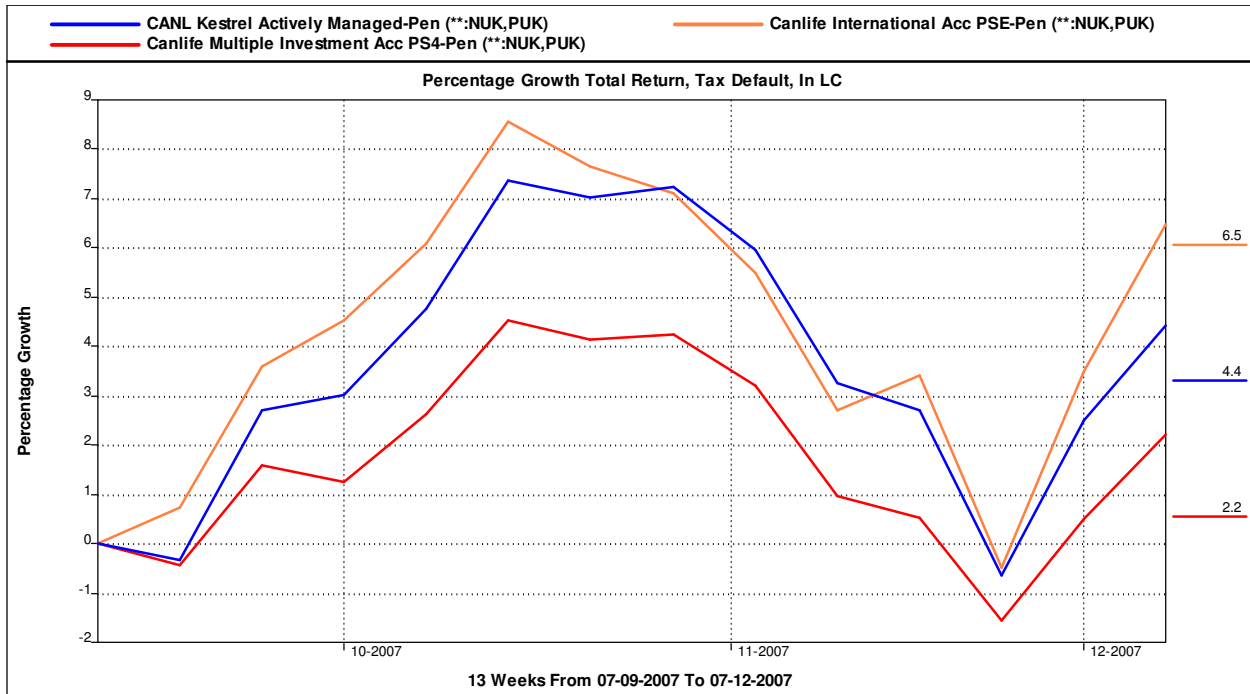


<b>Geographical Breakdown as at October 2007</b>	
	<i>%</i>
European	10.00
Pacific	6.00
UK Blue Chip	10.00
UK Value/Spec. Sits.	8.00
Multiple	12.00
Cautious	16.00
Equity	5.00
Emerging Markets	4.00
INT Managed	5.00
G'anteed Money	24.00
<b>TOTAL</b>	<b>100.00</b>

### Fund Managers Comments

The credit crunch and clearing bank liquidity is now the major issue with regards to stock market movements and the recent action by the Federal Reserve in only reducing base rate by a quarter percent had no effect on the inter-bank rate which has caused concern. The further announcement the next day that \$100 Billion was now being made available by the major world central banks in order to stabilise credit markets, while being welcomed, has been met with a measure of scepticism, as the amount in relative terms to the debt problems is small.

The fund manager has been watching events carefully and has increased liquidity both in cash plus cautiously managed assets, while looking to reduce weightings in more volatile sectors. In view of the falls in markets seen over the last two days, this has been a wise precaution, and future movements will be carefully monitored. The fund has performed well since the start of the credit crisis as can be seen by the three month chart following and the ability to maintain a hand on the helm with careful active management should prove to be important in current conditions.



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We wish our readers a happy Christmas.