TILMAN EQUITY & BOND FUND

Portfolio Review - Year Ended 31st December 2010

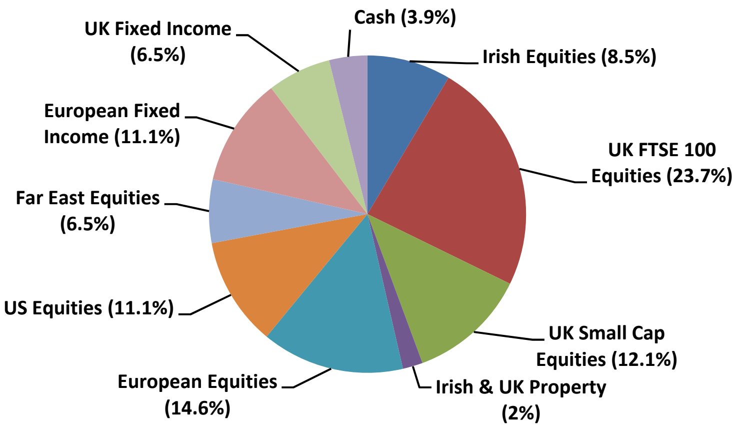
We attach the Tilman Equity & Bond Fund Fact Sheet and a valuation of your investment for the year ending 31st December 2010.

Performance

The fund value rose by 13% for the calendar year to the end of 2010 bringing about a second year of good capital recovery following the global banking disasters of 2008 and 2009.

Geographic Asset Allocation

The geographic asset allocation of the Fund at 31st December 2010 is illustrated as follows:



<u>Portfolio Commentary</u>

The final quarter of 2010 completed a second satisfactory year of recovery in equity markets which impacted favourably on capital values. Market performance has been characterised by very strong gains in certain commodity-related companies including the mining stocks, oil companies and certain food commodity companies. Investment trusts have also generated very satisfactory investment returns with gains exceeding the market in many instances. The stockmarkets of Ireland and Spain underperformed consistent with the twin concerns government and bank funding.

Looking ahead, the P/E ratio for the FTSE All Share index stands at approximately 15 times earnings on a dividend yield of 2.7%, and the S&P 500 on a P/E of 15.8 yields 2.3%. While this is slightly above long-term average values, the market is clearly optimistic about recovery in earnings and dividends, and this is not without foundation on the evidence of a broad range of corporate results. Dividend payments are showing reassuring signs of recovery.

The Fund's holdings have captured market movements satisfactorily in 2010, with the following examples, as follows: *Commodities and Mining* – Associated British Foods (+44%), Rio Tinto (+33%), Royal Dutch Shell (+17%); *Cyclical (Banking, Building,* *Construction)* – Lloyds Banking (+30%), Grafton Group (+17%), Travis Perkins (+26%); *Collective Investments* – Berkshire Hathaway (+22%), British Empire Securities & General Trust (+17%) and Alliance Trust (+14%). *Consumer Staples (Beverages, Food, Retailers etc.)* including Diageo (+9%), Nestle (+9%), Reckitt Benckiser (+5%) and Unilever (-2%), which performed less strongly than the market but look no less solid on the evidence of reported profitability, balance sheet strength and dividend payment.

The holding in CRH had been reduced substantially and it was a notable underperformer for 2010 along with BP. CRH had out performed until it modified its profit forecast for America in late 2010 and BP's price fell because of its well publicised oil spillage in the Gulf of Mexico and the cancellation of its dividend. We retain some exposure to both companies but we expect that BP will resume dividend payments in 2011 and will also benefit from its recent deal with Rosneft, the Russian oil company.

We remain broadly positive in the outlook for corporate profitability. We also believe that equities will be an important means of capturing any likely inflationary pressures which leading monetary economists view as an inevitability arising from the massive monetary stimulus carried out by Central Banks during the banking crises. This is probably evident in commodities prices already and economies closely linked to dollar trade, and, seems likely to find its way into the UK and US economies in particular.

The overall exposures to Ireland (and Spain) in the fund remain relatively low and we view the IMF/EU rescue as a backstop to Ireland's problems. Nevertheless, currency and asset diversity have been at the forefront of investment considerations in the light of concerns over the Eurozone and its stability.

In conclusion, capital values and stockmarkets justifiably reflect the strength of corporate profitability. The crisis in banks of 2008 has largely shifted to governments funding income shortfalls in the downturn (and further bank bail-outs in the case of Ireland). Problems of great magnitude remain, not least of which is the potential instability which a sharp re-flation might cause. Strong asset allocation and judicious holding management will be key factors in maintaining capital and producing steady investment income.

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If you have any questions in relation to this report, please do not hesitate to contact us.

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