



Thames River GLOBAL BOND Fund (£)

(Traditional Funds plc)
UCITS III GLOBAL FIXED - OECD Sovereigns



S&P RATED
AA

Manager Commentary – by Paul Thursby / Peter Geikie-Cobb

In May the fund returned -2.39% versus -3.02% for the index. The mix of relative performance was the same as for April with the underperformance of the bond markets being compensated for by a strong sterling rally across all the majors. Bond yields continued to rise, by 24 basis points in 10 year US Treasuries and by 25, 41 and 6 basis points in the UK, German and Japanese markets respectively. In currency markets the US dollar lost ground, particularly against sterling which rose 9.5%. The economic data continued to paint a picture of a slowdown in the deterioration of activity. This was most evident in the survey data in the US, such as the ISM manufacturing survey and consumer confidence, and to a lesser extent the housing data which was less poor than the market had been anticipating. However, the consumer remains pretty subdued and the US savings rate is rising sharply. A similar picture is being discounted in the UK but in the Euro Zone growth appears to be even worse than the consensus forecast, due to a combination of falling exports, inventories and consumption. In terms of changes to the portfolio we increased the yield curve flattener in both the US and UK markets and switched some medium dated UK into the long end of the US market. Yield curves now look historically steep and we believe will flatten significantly under almost all scenarios. The overall duration exposure was broadly unchanged, as was the currency weightings. Bond yields have now risen to levels where, as a result of rising mortgage rates, any recovery in the US housing market is likely to be choked off. As a consequence we believe the savings rate will continue to rise and that consumption will suffer as a result, putting the green shoots of recovery at risk. More importantly, the data suggests that the main risk remains deflation and not inflation as the labour market remains very weak and capacity utilisation continues to fall. Not only is the global economy dealing with secular de-leveraging but also the usual cyclical disinflationary forces prevail. If you believe, as we do, that inflation is likely to hover around zero for the medium term, with pockets of deflation, then long bond yields look attractive at 4 5/8%. The bond vigilantes have succeeded in steering governments into future fiscal consolidation. With regard to currencies we think the dollar is getting closer to fair value versus sterling but the euro has much further to fall against the pound

Fund Performance to 29 May 2009

	NAV per share	May 2009	YTD	1 Yr Fund	1 Yr Index	3 Yr Fund	3 Yr Index
£ Acc Class	£14.73	-2.39%	-5.70%	+27.09%	+19.49%	+40.55%	+30.20%
£ Dbn Class	£13.09	-2.39%	-5.73%	+27.18%	+19.49%	+40.58%	+30.20%
€ Dbn Class (Closed)	€11.63	-2.43%	-6.08%	+24.80%	+18.43%	+32.97%	+21.91%
\$ Dbn Class (Closed)	€11.98	-2.60%	-6.18%	+23.58%	+17.27%	+34.45%	+26.15%

Above rolling returns are cumulative. Refer to the monthly newsletter - Page 36 for dividend information and Page 29 for monthly / annual return history vs benchmark.

Bond Allocation %	
Britain	53.0
France	1.5
Germany	2.9
Netherlands	0.1
United States	38.9
Cash	3.6
Total	100.0

Currency Allocation %			
Currency	FX	CCY O*	Total
Sterling	98.0		98.0
US Dollar	2.0		2.0
Total			100.0

* CCY O = Currency Option

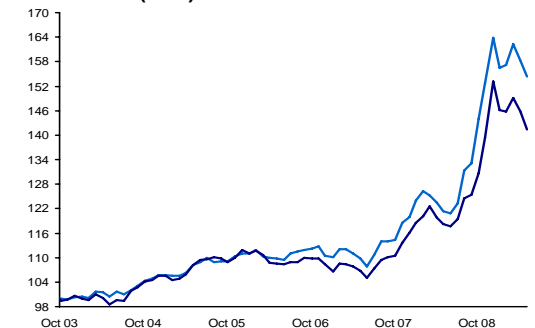
Credit Breakdown %	
Rating	
AAA	100.0
Total	100.0

Estimated Total Volatility	12.84%
Income Yield	2.10
Maturity Yield	2.28
Bond Option Call Duration	0.00 yrs
Total Bond + Call Duration	12.62 yrs
Bond Option Put Duration	0.00 yrs
Total Bond + Bond Option Duration	12.62 yrs

Note: The yields quoted are based on existing assets at time of going to press and will fluctuate depending on asset allocation. Yields are quoted net of fees, estimated expenses and the impact of hedging and are not guaranteed

NAV per share Price Performance 24.10.03 (rebased to £100) to 29.05.09

— Thames River Global Bond Fund (£) Dbn
— FTSE All Stock (50%) / Citigroup World Govt Bond (50%) Index £



Source: Northern Trust IFAS (Ireland) Ltd, Bloomberg, TRC

£ Class Statistics Since Inception †

Annualised Return	+7.9%
Volatility (Standard Deviation)	7.3%
Sharpe Ratio (3.89%)	0.6

Note: NAV per share monthly return calculated net of fees. Benchmark - 50% FTSE All Stock Index / 50% Citigroup World Govt Bond Index in Sterling (total return). Source: Northern Trust IFAS (Ireland) Ltd, Bloomberg, TRC, Pertrac (NB: Sharpe Ratio risk free rate - UK 3 Month T-Bill). † Start date 31.10.03.

Fund Objective

The fund aims to achieve a total return primarily through investment in debt securities and instruments which may be either fixed, floating rate or index / inflation linked, issued or guaranteed by EU/OECD Issuers.

‡ these classes will apply for distributor status annually.

Fund Size (Mn)	£544.8
Share Classes	£ (base) / €/\$ (hedged)
Launch Price	£/€/\$ 10
Launch Date	24 October 2003
Minimum	£5,000 / €7,500
Legal Status	UCITS III. UK regulatory status: FSA recognised

Dealing	Daily
Listing	Irish Stock Exchange
Dividends	Quarterly (Mar, Jun, Sep, Dec)
Unit type	Accumulation or Distribution ‡
Charges	
Initial Charge	Up to 5%
Management Fee	1%
Performance Fee	10% of any absolute outperformance of benchmark (see above) with a high watermark.

Investment Manager

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Thames River Capital Holdings Ltd
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Administrator
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Potential investors should follow the links below for information on any current side letters relating to the schemes.
<http://www.thamesriver.co.uk/downloads/disclosures.htm> <http://www.nevskycapital.com/downloads/disclosures.htm>

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For a full list of Paying Agents' details, please follow the following links: http://www.thamesriver.co.uk/pdf/paying_agents.pdf

http://www.nevskycapital.com/pdf/paying_agents.pdf

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Prices available from:

	£ Dbn	£ Acc	€ Dbn	\$ Dbn		£ Dbn	£ Acc	€ Dbn	\$ Dbn
Bloomberg	THARGBS ID	THARGGA ID	THARGBE ID	THARGBU ID	Reuters (TRCHL1)	TRCHL1	TRCHL1	TRCHL1	TRCHL1
Datastream	27922H	30419Q	27942L	27942K	Sedol	3348688	B-040-HF9	3348677	3348699
FT (Mex ID)	TFGBS	TFSGA	TFGBE	FTGBD	S&P/Morningstar	360097	992954	360096	360095
ISIN	IE0033486881	IE00B040HF97	IE0033486774	IE0033486998	Telekurs	CH1711711	CH2022457	CH1707790	CH1711723
Lipper	60089051	60100332	60089052	60089053	WKN	A0BLAX	A0D8RH	A0BLAY	A0BLAZ
Tass	-	-	-	-					

