



Thames River GLOBAL BOND Fund (£)

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



S&P RATED
AA

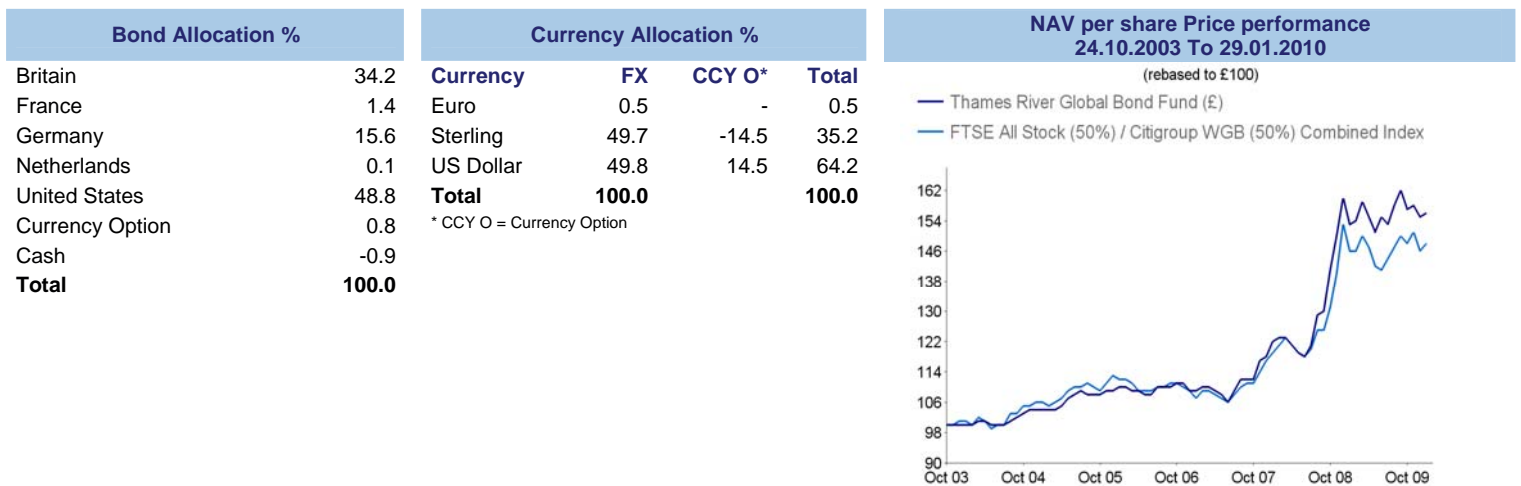
Manager Commentary – by Paul Thursby / Peter Geikie-Cobb

In January the fund returned +0.66% versus +0.81% for the index. Bond markets rallied from the upper end of the yield range with 10 year US Treasury yields falling by 25 basis points and by 19 and 11 basis points in Germany and the UK respectively. In Japan 10 year yields rose by 3 basis points. In currency markets the US dollar strengthened against the euro and sterling but fell against the yen. The month was characterised by a reversion of risk appetite with core bond markets performing strongly and outperforming the periphery, both yen and US dollar strength against the Europeans and by a sell off in both the SP 500, gold and other risky asset classes. Although the funds relative performance benefitted from both long duration and relative market allocation - US Treasuries and German bunds - and from an overweight position in the US dollar, an underweight position in the yen and some time decay on the cable option detracted from relative performance. During the month we extended duration in the US by buying some 30 year strips at the expense of reducing the US dollar weight slightly. The data during January if anything surprised to the downside and particularly with regard to the US housing market which is so important for consumption. We continue to be positioned for a sell off in risk. Policy makers were successful in avoiding a global melt down in 2009 and markets reacted accordingly. However, for the global economy to enjoy any sustainability we need to see a considerable pick up in consumer demand. In a world that continues to deleverage this is unlikely. Deflation remains the risk for policy makers in 2010.

Fund Performance to 29 Jan 2010

| | NAV Per Share | 1 Month | YTD | 1 Year Fund | 1 Year Index | 3 Year Fund | 3 Year Index | 5 Year Fund | 5 Year Index |
|-----------------------|---------------|---------|--------|-------------|--------------|-------------|--------------|-------------|--------------|
| £ Acc Class | £15.29 | +0.66% | +0.66% | +2.41% | +0.46% | +45.62% | +37.75% | +51.39% | +39.02% |
| £ Dbn Class | £13.43 | +0.67% | +0.67% | +2.42% | +0.46% | +45.56% | +37.75% | +51.56% | +39.02% |
| € Dbn Class (Closed) | €11.85 | +0.51% | +0.51% | +1.35% | -2.52% | +38.23% | +27.94% | +37.33% | +19.93% |
| \$ Dbn Class (Closed) | \$12.23 | +0.66% | +0.66% | +1.57% | -2.83% | +38.52% | +28.19% | +53.80% | +28.02% |

Source: Northern Trust IFAS (Ireland) Ltd., Bloomberg. Above rolling returns are cumulative. Refer to back of the monthly newsletter for monthly/ annual returns. N.B. Historical performances for distribution share classes may vary from previous issues of the Thames River newsletters. This follows an improvement in the performance calculation methodology (from monthly to daily cumulative), in order to be in line with Global Investment Performance Standards.



| Bond Credit Allocation % | | Estimated Total Volatility | | £ Statistics | |
|--------------------------|--------------|--|----------|---|-------|
| Rating | | Income Yield | 15.03% | Annualised Return | +7.8% |
| AAA | 100.0 | Maturity Yield | 1.57% | Volatility (Standard Deviation) | 7.5% |
| Total | 100.0 | Bond Option Call Duration | 0.00 yrs | Sharpe Ratio (4.10%) | 0.51 |
| | | Total Bond + Call Duration | 8.78 yrs | 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 - Sterling OverNight Index Average). Start Date 31.10.03 | |
| | | Bond Option Put Duration | 0.00 yrs | | |
| | | Total Bond/Bond Option Duration | 8.78 yrs | | |
| | | Note: The yields quoted are based on existing assets at the time of going to press and will fluctuate depending on asset allocation. Yields quoted net of fees, estimated expenses and the impact of hedging and are not guaranteed. | | | |

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)

£575.7
 Share Classes £ (base) / € / US\$ (hedged)
 Launch Price £ / € / \$ 10
 Launch Date 24/10/2003
 Minimum £5,000
 Dealing Daily
 Listing Irish Stock Exchange
 Legal Status UCITS III. UK regulatory status: FSA recognised

Dividends

Unit Type Quarterly (Mar, Jun, Sep, Dec)
 Charges Accumulation or Distribution *
 Initial Charge Up to 5%
 Management Fee 1%
 Performance Fee 10% of any absolute outperformance of benchmark (see above) with a high watermark

Investment

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<http://www.thamesriver.co.uk/downloads/disclosures.htm> <http://www.nevskycapital.com/downloads/disclosures.htm>

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