

Interim Management Statement – Blue Planet European Financials Investment Trust

Quarter Ended the 31st May 2010

Fund Manager's Review

In May our NAV fell 19.7% to 59.3p per share. The Fund underperformed the benchmark index return of -9.7% as gearing in the Fund was removed as equities continued to fall in May. The share price fell 29.6% to 38.0p. Over the last three months the NAV of the Fund has fallen 25.6%, whilst the benchmark has fallen 7.4% and the share price fell 33.3% over the period. As of 31st May 2010, shareholder funds were £9,507,213 and total borrowings were £5,000,000.

This month was dominated by country-level events. In the UK the General Election result was indecisive and after several days a Conservative-Liberal coalition emerged to lead the country. The coalition has put deficit reduction at the top of its agenda for this parliament. In Europe, the fallout from the Greek fiscal crisis took a sharp turn for the worse, as the concerns about contagion to other smaller EU countries intensified and a small Spanish savings bank had to be rescued. The slow response from the EU and the apparent lack of coordination within the EU, culminating in a unilateral ban on short selling by Germany, exacerbated matters. When this was coupled with a slight uptick in US initial jobless claims, weak private sector payrolls data and weaker China manufacturing data, this all led to a very nervous month in the markets, and equities experienced some sharp falls. Given the strong financial results in the first quarter of 2010 and the positive outlooks from CEOs, we felt that the growth in the US, China and the emerging markets would be strong enough to sustain global growth. But the weakening data in the US, coupled with the fiscal problems in Europe, suggests that the level of growth may be insufficient and the likelihood that the feared global slowdown may become a reality has increased.

In the portfolio, we removed gearing from the Fund and cut equity holdings substantially, whilst maintaining core stocks in stronger economies like Turkey as we reverted to a far more cautious stance. Unfortunately this led us to sharply underperform the markets in May.

The following first quarter 2010 results have been issued this month by companies within the portfolio :

Garanti Bankasi NI rose 54%

Halk Bankasi NI rose 41%

Bank of Cyprus NI rose 29%

Bank Asya NI rose 12%

Cumulative Performance (%) as of 31st May 2010

| | Current (p) | 1 month | 3 months | 6 months | 1 year | 3 years | 5 years |
|----------------------------|-------------|---------|----------|----------|--------|---------|---------|
| NAV | 59.26 | -19.7% | -25.6% | -33.1% | -13.9% | -70.8% | -30.4% |
| Share Price - Total Return | 38.00 | -29.6% | -33.3% | -41.5% | -22.5% | -75.4% | -45.1% |
| Benchmark | 95.30 | -9.7% | -7.4% | -12.7% | 6.9% | -45.0% | -11.2% |
| | | | | | | | |
| Discount (%) | -35.9 | -26.8 | -28.5 | -26.6 | -28.0 | -22.9 | -17.5 |

Source: Blue Planet, share price bid to bid, net income reinvested.

Discrete Annual Performance (%) as of 31st May 2010

| | Share price | Benchmark |
|---------------|-------------|-----------|
| 1Q/09 - 1Q/10 | 57.7% | 65.6% |
| 1Q/08 - 1Q/09 | -68.1% | -52.4% |
| 1Q/07 - 1Q/08 | -33.4% | -13.4% |
| 1Q/06 - 1Q/07 | 24.0% | 9.0% |
| 1Q/05 - 1Q/06 | 124.1% | 38.6% |

Source: Blue Planet, share price bid to bid, net income reinvested.

Portfolio Information as of 31st May 2010

| | Security Type | Security Name | Country | Valuation £ | Weighting % |
|---------|---------------|------------------------------|----------------|-------------------|----------------|
| 55,255 | Equity | BP Global Financials-A Class | Ireland | 2,072,921 | 14.1 |
| 653,100 | Equity | Allied Irish Banks Plc | Ireland | 552,585 | 3.8 |
| 116,448 | Equity | Asya Katilim Bankasi AS | Turkey | 170,138 | 1.2 |
| 230,260 | Equity | Bank Of Ireland | Ireland | 138,324 | 0.9 |
| 29,621 | Equity | Turkyie Halk Bankasi | Turkey | 133,463 | 0.9 |
| 42,320 | Equity | Turkiye Garanti Bankasi AS | Turkey | 124,961 | 0.9 |
| 3,050 | Equity | Deutsche Bank AG | Germany | 124,952 | 0.9 |
| 38,758 | Equity | Bank of Cyprus Ltd | Cyprus | 120,678 | 0.8 |
| 20,100 | Equity | Citigroup Inc (GR) | Germany | 55,271 | 0.4 |
| 5,731 | Equity | Other | Other | 11,896 | 0.0 |
| | | | | 3,505,189 | 23.9 |
| | Security Type | Cash Security Name | Denomination | Valuation £ | Weighting % |
| | | | | 0 | 0 |
| | Security Type | Cash Security Name | Denomination | Valuation £ | Weighting % |
| | Liquid Assets | Near Cash Assets | GBP | 0 | 0.0 |
| | Liquid Assets | Cash | GBP | 22,129 | 0.2 |
| | Liquid Assets | Cash | Other Currency | 11,141,619 | 75.9 |
| | | | | 11,163,748 | 76.1 |
| | | | | 14,668,937 | 100 |