

## Interim Management Statement –Blue Planet Financials Growth & Income Investment Trust

Quarter Ended the 30<sup>th</sup> June 2010

### Fund Manager's Review

In June our undiluted NAV fell 4.9% to 90.6p per share unit. The benchmark index return was -5.7% in sterling terms. The Fund fell less than the benchmark as we were positioned to take advantage of the near term envisaged malaise. The share unit price fell 13.2% to 66.0p per share unit. Over the last three months the NAV of the fund has fallen 30.5% whilst the benchmark has fallen 13.2% and the share unit price has fallen 24.1%. As of 30th June 2010, shareholder funds were £12,382,690 and total borrowings were £7,500,000.

During June we saw continued evidence that there are major risks to the global economy. The long economic boom through to 2007 was fueled by low interest rates and accommodative monetary policy, which led to years of high risk lending by banks and fueled elevated levels of both private and public expenditure. When this boom turned to bust, sparked by the sub-prime mortgage debacle in the US, at a point when individuals and corporate were highly overleveraged, the governments stepped in. Their huge fiscal stimulus packages returned the global economies to growth. From the start of this year we were concerned about what would happen when governments started to withdraw their stimulus packages, as the dangerously over-leveraged state of the public purses became clear. Looking over the precipice at both private and public institutions that have run out of firepower is a scary place!

In April we became complacent that the effects of the stimulus, particularly as it remains in place in the US, and the strength in the Asian economies, would continue to spur global growth and corporate profitability and drive markets higher, for somewhat longer, and we reinvested in the market. This was a mistake. Despite markets having a series of minor rallies, the current trend in equity markets is down this year and we see major risks ahead of further sharp market falls.

In the portfolio, we cut equity holdings further and introduced some short index trackers. As we do not anticipate a rapid return to investing in equities, we have built a portfolio of shorter-dated financial bonds during June. These will provide a much improved yield to the portfolio going forward.

### Cumulative Performance (%) as of 30th June 2010

	Current (p)	1 month	3 months	6 months	1 year	3 years	5 years
NAV (undiluted)	90.60	-4.9%	-30.5%	-30.9%	-4.8%	-71.5%	-43.7%
NAV (fully diluted)	90.60	-4.9%	-27.9%	-28.3%	-4.5%	-67.8%	-39.4%
Share Price - Total Return	66.00	-13.2%	-24.1%	-15.4%	21.9%	-69.1%	-29.6%
Benchmark	64.48	-5.7%	-13.2%	-5.0%	16.1%	-23.6%	-3.3%
Warrant Price	5.00	-93.8%	-96.9%	-97.2%	-97.5%	-99.7%	-98.5%

Discount: Undiluted (%)	-27.2	-20.3	-33.2	-40.5	-40.4	-29.4	-38.8
Discount : Fully Diluted (%)	-27.2	-20.3	-30.7	-38.3	-40.3	-20.5	-34.4

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

### Discrete Annual Performance (%) as of 30<sup>th</sup> June 2010

	Share price	Benchmark
2Q/09 - 2Q/10	21.9%	16.1%
2Q/08 - 2Q/09	-56.8%	-11.7%
2Q/07 - 2Q/08	-41.4%	-25.5%
2Q/06 - 2Q/07	55.9%	9.4%
2Q/05 - 2Q/06	46.2%	15.7%

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

### Portfolio Information as of 30<sup>th</sup> June 2010

	Security Type	Security Name	Country	Valuation £	Weighting %
89,660	Equity	BP Global Financials-A Class	Ireland	3,348,460	13.9
124,400	Equity	Direxion Financial Bear 3X	US	1,448,271	6.0
40,360	Equity	DJ Stoxx 600 Banks Short ETF	Luxembourg	1,118,430	4.7
690,060	Equity	Bank Rakyat Indonesia	Indonesia	472,006	2.0
149,720	Equity	Asya Katilim Bankasi AS	Turkey	230,641	1.0

58,390	Equity	Turkiye Garanti Bankasi AS	Turkey	164,329	0.7
383,070	Equity	Other	Other	192,585	0.8
				<b>6,974,722</b>	<b>29.1</b>
	Bond	Kommunalbanken 05/12 10.0%	Norway	298,330	1.2
	Bond	Morgan Stanley 04/11 7.5%	US	257,103	1.1
	Bond	Citigroup 06/11 5.25%	US	254,524	1.1
	Bond	Santander 11/10 6.8%	Cayman Islands	253,750	1.0
	Bond	Abu Dhabi Com 11/11 5.625%	UAE	253,264	1.0
	Bond	ING Bank 10/10 7%	Netherlands	251,525	1.0
	Bond	Swedbank 06/16 5.25%	Sweden	244,544	1.0
	Bond	BA Creditanstalt 07/11 5.625%	Austria	243,722	1.0
	Bond	BAC Float 02/12 0.88%	US	241,400	1.0
	Bond	AMP UK 11/10 6.375%	UK	241,080	1.0
	Bond	BKIR Float 02/12 0.74625%	Ireland	235,000	1.0
	Bond	Rabobank 07/12 5.50%	Netherlands	186,886	0.8
	Bond	NAB 05/12 5.25%	Australia	180,235	0.7
	Bond	BQDAU 12/10 6.0%	Australia	169,730	0.7
	Bond	Dexia MA 02/12 5.75%	France	135,604	0.6
				<b>3,446,697</b>	<b>14.2</b>

	Security Type	Cash Security Name	Denomination	Valuation £	Weighting %
	Liquid Assets	Near Cash Assets	GBP	0	0.0
	Liquid Assets	Cash	GBP	13,620,567	56.7
	Liquid Assets	Cash	Other Currency	3,826	0.0
				<b>13,624,393</b>	<b>56.7</b>
	<b>Total</b>			<b>24,045,812</b>	<b>100</b>

For more information, please visit [www.blueplanet.eu](http://www.blueplanet.eu)

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