

Investment Objective: The objective of the Fund is to provide long term capital growth, emphasising risk management as much as return. The manager aims to deliver consistent and superior performance above the benchmark with reduced volatility and risk

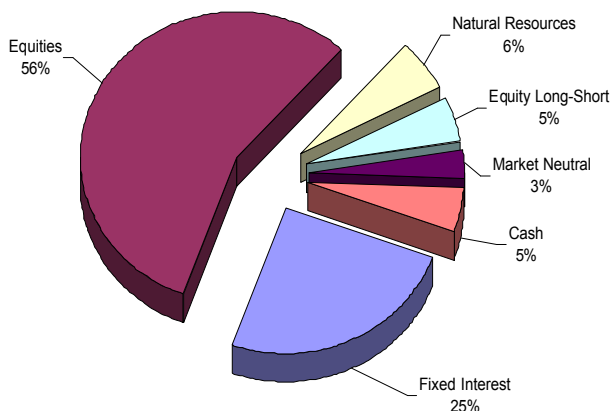
Manager's commentary

Equity market continued to decline in July with the majority of market indices moving below their March lows in the first two weeks on the month as the price of oil moved above \$145 a barrel. While some relief came in the second half of July as the oil price fell to \$125 a barrel when it became apparent that demand pressures were abating in the face of record high oil prices, most equity markets failed to recapture their earlier losses. With little positive news to drive returns during the month, the Fund fell 2.9%. While equity markets offer good value and investors have plenty of cash sitting on the sidelines the investment climate remains challenging. Markets remain vulnerable to a downgrading of corporate earnings as weakening growth and high oil prices continue to weigh on profit expectations. While slowing growth points to further falls in commodity and energy prices in coming weeks; which will ultimately provide some welcome relief to corporations, consumers and central banks, it will take more than a \$20 drop in the price of oil to provide the fillip that financial markets require to return to their previous highs. However, signs that the recent speculative activity in commodity prices is unwinding may set the scene for a summer rally as the resulting easing of inflationary pressures will go a long way to restoring investor sentiment. It is therefore important not to become too bearish at this point in time. Activity within the Fund was limited during the month as we judge that the overall positioning is appropriate given our cautiously optimistic view on the prospects for global equity markets over the coming weeks. We did, however, elect to replace the holding of Investec America, where performance has been lacklustre, with the Martin Currie North American Fund. The latter is not significantly different in terms of its general investment style in comparison to the Investec Fund, however the stock selection of the Martin Currie managers has been considerably better in recent times. Given they were far quicker to recognise the implications of the housing market slowdown and resultant credit crunch, we have greater confidence that the positioning of the fund will be more appropriate for the investment environment moving forward.

Top Ten Holdings:

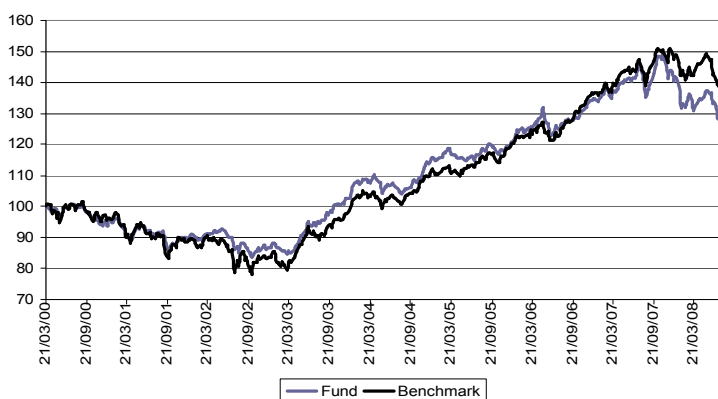
Gartmore US Growth	6.31%
Findlay Park American Smaller Cos	6.18%
Eaton Vance US Value	6.09%
M & G American	5.82%
Investec GSF American Equity	5.75%
GE 4.8% 01/05/2013	5.26%
Thames River Hillside	5.18%
KFW 4.375% 21/07/2015	5.16%
Mellon Emerging Market Debt	5.15%
Nevsky Capital	5.10%

Sector Analysis:



Performance: (The numbers detailed below under the heading ' Fund Performance' relate directly to the performance of the Collins Stewart International US Dollar Balanced Fund, which Financial Foundations has been investing directly into since December 2006)

	Fund Performance	Benchmark Performance	Sector Average
6 Months	-3.5%	-3.2%	-3.6%
1 Year	-10.7%	-3.3%	-5.1%
3 Years	+9.7%	+20.9%	+15.8%
5 Years	+34.8%	+53.8%	+42.2%
Inception	+28.4%	+39.2%	+21.7%



The investment advisor is Collins Stewart Isle of Man. The investment adviser utilises the resources of the investment committee, which comprises team members from our Guernsey, Jersey, Isle of Man and London offices, drawing on a wide range of expertise and experience. Asset allocation and fund selection meetings are held monthly, with regular impromptu meetings throughout the month. Collins Stewart Isle of Man is a trading name of Collins Stewart (CI) Limited ("CSC"), which is licensed and regulated by the Guernsey Financial Services Commission, the Isle of Man Financial Supervision Commission and the Jersey Financial Services Commission. CSC is a member of the London Stock Exchange, the Channel Islands Stock Exchange and the International Capital Market Association. Registered in Guernsey number 22761. The Fund is an open-ended investment company of unlimited duration and qualifies as an experienced investor fund under the Order. Accordingly, it may only issue its Shares to Experienced Investors as defined in the Order and its Articles of Association prohibit the issue of shares to a new participant unless and until such participant has signed the necessary statement acknowledging that they are an Experienced Investor. The Order means the Isle of Man Financial Supervision (Experienced Investor Fund) (Exemption) Order 1999.

