AUBREY CAPITAL MANAGEMENT

Aubrey Global Conviction Fund
31 March 2011
Retail Share Class

Investment Objective

The Fund invests in attractive markets and sectors on a worldwide basis and aims to achieve long term capital growth. Our objective is to produce above average absolute returns over the long term.

Investment Strategy

Using a financially disciplined, thematic and growth based approach to investing, ACM invests in companies that exhibit high earnings growth and a strong, stable competitive business. Portfolios are the result of individual stock selections and are not constructed by reference to any market index. ACM expects that its portfolios will show a significant departure from benchmark indices in regards to the weightings given to sectors, countries and individual stocks.

Team

Andrew Dalrymple (Lead)
Lynne Thornton
Sharon Bentley-Hamlyn

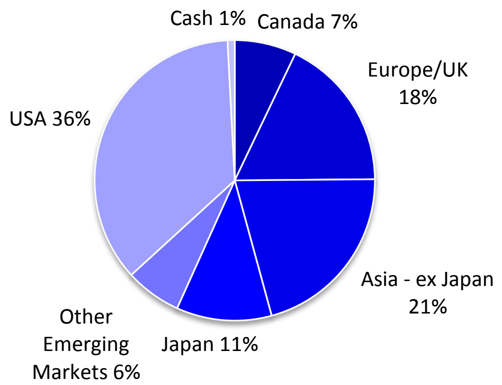
General Information

NAV (GBP)	130.8
AUM GBP (m)	36.0
Fund Inception	8 January 2007
Benchmark	MSCI World Index TR (£)
Number of Holdings	40-50
Minimum Investment	Discretionary
ISAable Fund	Yes
Initial Charge	up to 5%
Annual Charge	1.5%
ISIN	GB00B1YLL351

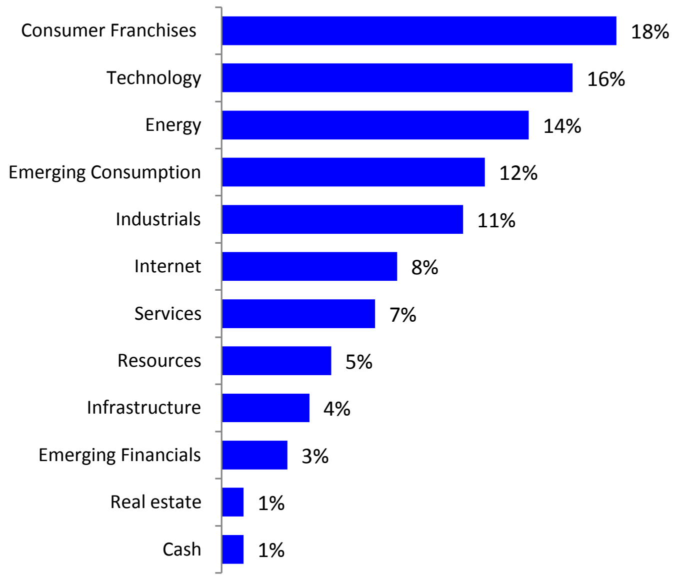
Cumulative Perf	Fund %	Index %	Quartile
1 month	4.8	0.5	1
3 months	0.2	2.4	3
6 months	10.3	12.2	3
12 months	15.1	7.4	1
2 years	86.8	54.6	1
3 years	17.5	23.1	3
Since inception	30.8	19.7	1

Top 10 Holdings	Fund %		Fund %
Bowleven	4.25	Bank Rakyat	2.76
Continental Resources	3.23	Great Wall Motor	2.73
Ulta Salon	3.18	JB Hunt	2.60
Rackspace Hosting	2.97	Teck Resources	2.53
Baidu	2.87	Cameron Int.	2.53

Regional Exposure



Thematic Exposure



Standard Performance	Fund %	Index %
12 months to 31/3/11	15.1	7.4
12 months to 31/3/10	62.2	44.0
12 months to 31/3/09	-37.1	-20.4
12 months to 31/3/08	6.5	-4.5

The Cumulative Performance table shows the percentage movement since inception. The Standard Performance table shows the percentage movement on a discrete 12 month rolling basis to the most recent month end. The performance figures shown are calculated on a NAV to NAV basis net of annual management charges and other expenses. The figures do not reflect the initial charge paid by individual investors. Past performance is not a guide to future performance. Sources: RBC Dexia/Bloomberg/ACM

Manager's Commentary March 2011

An extract from 'The Ionian Mission' by Patrick O'Brian
"The cabin door opened. 'Well, Doctor,' said Jack, looking even taller than usual and far more intimidating. 'Good morning to you all, or rather good afternoon. This is a strange hour to report aboard - this is cutting it pretty fine - this is coming it tolerably high, I believe. Do you know you very nearly made us miss our tide? Miss our tide right under the Admiral's front window? Did not you see the Blue Peter flying all through the forenoon watch - nay, watch after God-damned watch? I must tell you, sir, that I have known men headed up in a barrel and thrown overboard for less: far less.

Like our nautical hero, Captain Jack Aubrey, we hate wasting time. Fortunately, it has been a good month for the Fund, with the Net Asset Value rising by 4.8%, nicely ahead of the MSCI World TR (£) Index, which was almost unchanged in March, and helps to redress the shortfalls that we recorded in both January and February. For the first quarter of the year therefore, the Fund was up by 0.2%, against a rise of 2.4% in the Index. Three months without anything absolute to show for our efforts would be irritating, and at least we have just about saved that, therefore, narrowly catching our tide.

The month was eventful to say the least, and indeed at one point, half way through, and after the earthquake and subsequent tsunami in Japan, we were 3% lower. The recovery has principally been founded on the strength of our American holdings, where our consumer and energy names in particular, had a storming month. Double digit gains were plentiful, with both Lululemon and Ulta Salon up by 15%, following excellent results, and almost every holding was decently higher. The highlight of the month was an expedition to America, where we were able to meet a good many of our holdings, and came away having spotted some potentially excellent treasure ships on the horizon. They will take a bit of catching, since many of them are already under full sail, and continue to progress, but we have our sharpest lookouts on the case, and would look to take them when wind and tide seem favourable. Business confidence in the US is definitely improving, no mention was made of a “double dip”, and as said on previous occasions, balance sheets are in prime condition. Subsequent to our trip, we have bought holdings in Citrix Systems (technology), Polycom (teleconferencing), and have added to Ulta Salon, and Las Vegas Sands.

The Asian division performed very creditably too, with gains of 18% from both Bank Rakyat, and Great Wall Motors, both inspired by splendid year end 2010 results. By contrast, Tencent’s figures, while excellent, were overshadowed by a more cautious forecast from management, so that the shares fell back somewhat. To be fair, they are still 8% to the good so far this year. Less happily, Sands China, which operates casinos in Macau, a market that is now four times the size of Las Vegas, was sued by a disgruntled former employee and the stock lost 8% in March. We hope that the matter will be resolved satisfactorily, and continue to hold the position. Meanwhile Baidu continued his seemingly relentless progress, with the 13% rise in March making a gain of 42% so far this year.

Japan has of course brought us more than its usual share of problems this month, and we do not propose to contribute our twopence worth to the many analyses already written. However, we have added a little more to our positions following the decline in the market, have sold Mitsubishi Estate, in favour of Komatsu, and in both absolute, and relative terms, our holdings have actually fared quite well. We would not be surprised to see this disaster as a catalyst for the long awaited government economic stimulus, as well as a weaker Yen, and so we have hedged out the majority of our currency exposure.

We are of the view that markets want to go higher, and we intend to take our share of prizes. Our guns are run out, all hands are at action stations, and the ship is under full sail. We are fully invested, and expect to see the best returns being made in America and Asia. We are already seeing a rapid revival in sentiment towards China, in the expectation that the government there is almost at the end of its monetary tightening, and in our view, there is good value on offer.

For further information please contact:

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