



ST. JAMES'S PLACE
WEALTH MANAGEMENT

INVESTMENTS

St. James's Place Global Equity fund

The benefits of an equally weighted core

The Global Equity fund brings together a unique combination of high quality, global equity managers within a core/satellite portfolio structure. The fund is the first of its kind in the UK to have at its core an equally weighted portfolio investing directly in around 2,400 stocks spread across 44 countries. But what is an equally weighted portfolio and what benefits can it offer?

Why choose an equally weighted approach?

- Aims to reduce risk by avoiding concentration at stock, sector and country level.
- Provides growth opportunities through investment in smaller and mid-cap companies and developing economies.
- Benefits from dividend reinvestment to boost long-term returns.

Portfolio construction - market capitalisation or equally weighted?

A common solution for investors looking to 'hold the market' is to invest in a portfolio that represents a particular market proxy, for example, the FTSE100 Index.

This traditional method of constructing a portfolio is based on the market capitalisation (market cap) of the underlying companies. In other words, the components of the portfolio are proportionately weighted according to the total value of the shares in issue by each company. This means that the bigger companies attract a greater percentage weighting in the portfolio.

What can it mean? A portfolio mirroring the largest 100 companies in the UK has 46% of its value invested in just 10 companies. It also means that 33% of the portfolio is concentrated in just two sectors - Oil & Gas and Mining. That may not provide the diversification and reduced risk you were hoping for (source: Bloomberg. Data to 30 June 2011).

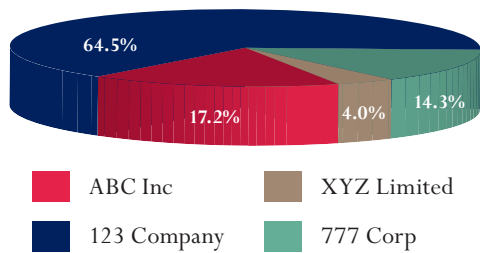


In contrast, in an equally weighted portfolio each stock represents an equal share in the overall portfolio. This provides more diversity and exposure to developing economies with greater potential for future growth. The market weighted portfolio, conversely, invests a greater share in those companies that have already gone up in value and therefore tends to be backward looking.

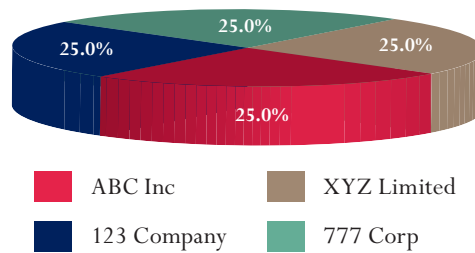
Example:

COMPANY NAME	SHARE PRICE	ISSUED SHARES	MARKET CAP
ABC Inc	£1.00	30000	£30,000
XYZ Limited	£3.50	2000	£7,000
123 Company	£2.25	50000	£112,500
777 Corp	£5.00	5000	£25,000

MARKET CAP WEIGHTED PORTFOLIO



EQUALLY WEIGHTED PORTFOLIO

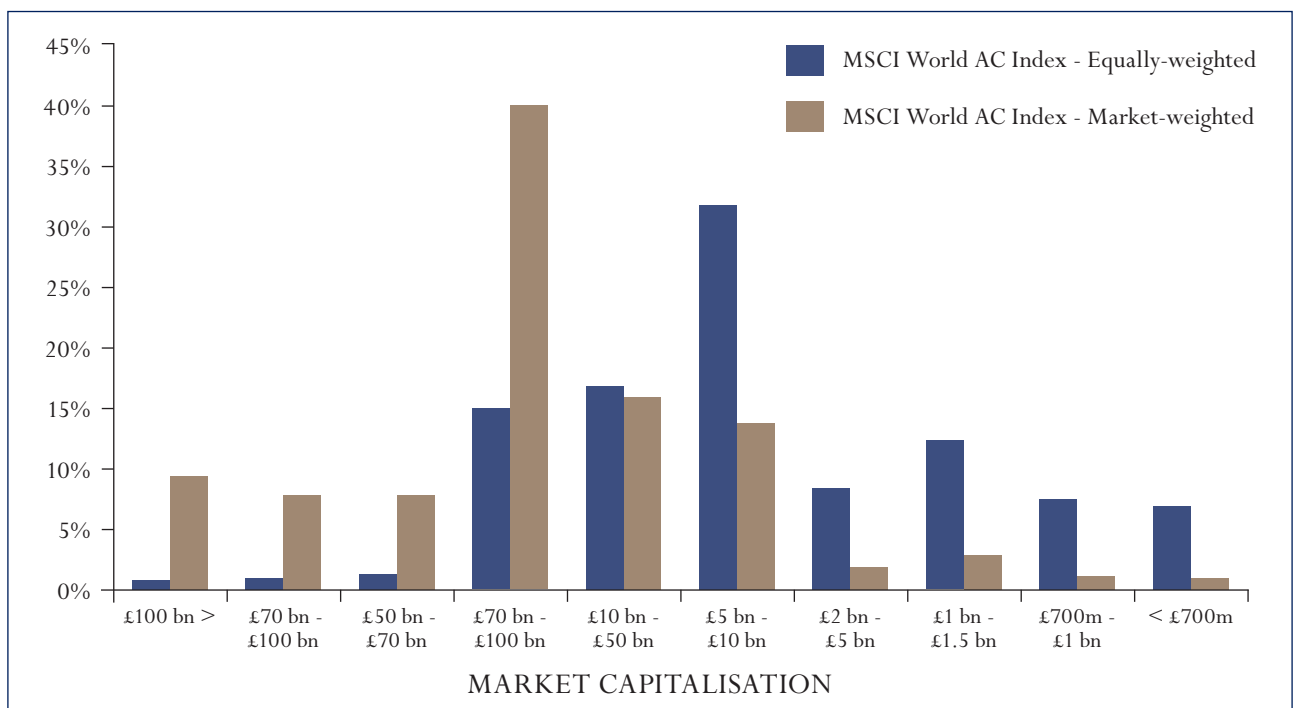


What are the features of an equally weighted approach?

The core of the Global Equity fund invests directly on an equally weighted basis in the shares of companies that make up the MSCI World All Countries Index, providing exposure to the growth potential of equities worldwide.

Comparing a portfolio based on market cap versus an equally weighted approach highlights how unintentional biases can arise and also how the potential for risk management and growth opportunities can be improved.

Growth opportunities from smaller companies

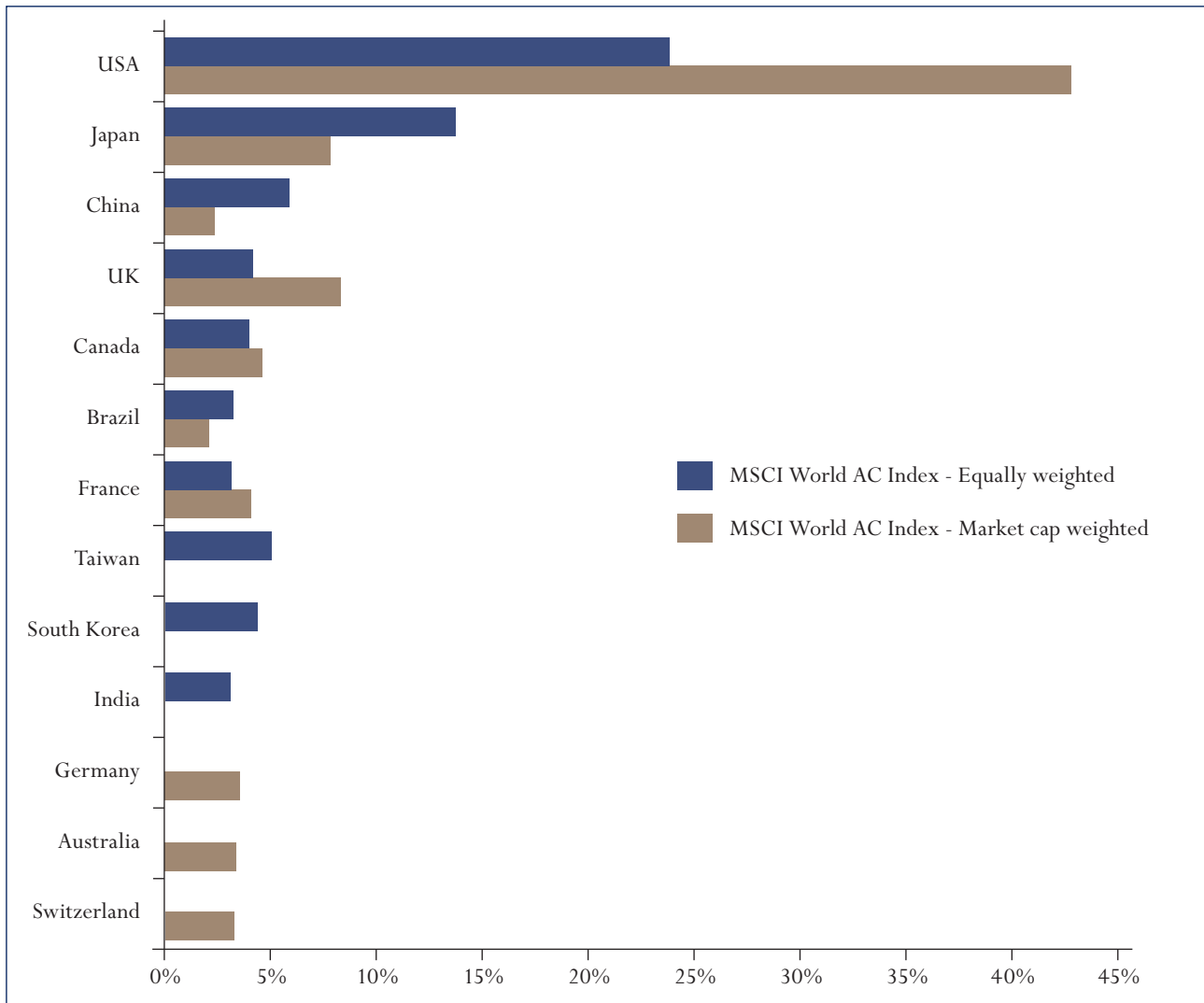


Source: BlackRock. Data to 30 June 2011.



- Over 70% of the market cap weighted portfolio is invested in companies with a value of £10bn or greater. To put this in perspective, there are only 39 listed companies in the UK with a market cap of greater than £10bn and only three over £100bn (source: Bloomberg. Data to 30 June 2011).
- Conversely, the equally weighted portfolio has 70% invested in mid and smaller cap companies, those valued at less than £10bn. This provides greater exposure to those areas of the market more likely to provide better long term growth prospects.

Top ten country allocation - the potential of developing economies



Source: BlackRock. Data to 30 June 2011.

- The market cap weighted portfolio has almost 43% invested in the US, whereas the equally weighted approach invests more significantly in developing, dynamic economies such as China and Brazil.
- In recent years the developing economies have been the engine for global growth. The emerging economies of Latin America, Eastern Europe and the Far East have the potential for continued expansion over the long term, albeit with the increased risk of short term volatility.
- Whilst investors should always look further than the past performance records, the shift in emphasis from the developed to the developing world continues to present attractive growth opportunities for the future.



Active management

The core of the Global Equity fund will be rebalanced twice-yearly to ensure it maintains its equally weighted global characteristics. This active management process instils the discipline and requirement to increase the weighting of stocks which have fallen in price and reduce exposure to companies whose share price has risen and may possibly be fully valued.

An equally weighted approach overcomes many of the concerns associated with market cap weighted portfolios because it avoids the requirement to hold more of a stock just because it is highly priced and to reduce the weighting in companies which may offer better recovery or growth prospects.

Summary

The evidence of recent history demonstrates the potential value of an equally weighted approach to achieve truly global diversity; however, past performance is not a guide to the future.

A decade of strong returns



Source: Bloomberg. Data to 30 June 2011.

Please be aware that past performance is not indicative of future performance.

St. James's Place Global Equity fund – a unique combination of global diversification and active management.

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