



Querns Asset Managers to launch Income First Fund

Querns Asset Managers LLP (“Querns”) today announces that it is to launch the Querns Income First Fund. The investment objective of the fund is to achieve a high level of income, together with some long term capital growth. The fund has been designed specifically to provide high income and tax-effective investment for frustrated income seekers, through investments in UK equities and Sterling corporate bonds.

The Querns Income First Fund will primarily focus on providing income seekers with an attractive income, the yield is estimated to be initially about 6.2% for gross shares and 5.6% for net shares*. Income is paid monthly and the fund can be held in tax efficient wrappers such as ISAs and SIPPs.

The fund will be a low cost post Retail Distribution Review product.

The fund is a Tax Elected Fund (TEF), one of the first to take advantage of the regime introduced in September 2009. The fund pays a dividend distribution from the income from UK equities and a non-dividend distribution from interest earned including from corporate bonds, thereby putting investors in the same tax position as if they held the underlying investments direct. As a result, shareholders holding the fund through tax efficient wrappers, such as an ISA or a pension fund, are entitled to receive the non-dividend distribution gross. Until the TEF regime was introduced, it was only possible to receive gross interest (or reclaim the tax credit) from UK funds that paid interest distributions, although such funds were required to have a minimum of 60% invested in fixed interest investments. The Querns Income First Fund does not have that restriction.

Key Highlights

- **Designed to achieve a high annual income – yield estimated to be initially about 6.2% for gross shares and 5.6% for net shares ***
- **Invests in high quality UK corporate bonds and equities, both with high levels of income**
- **Low 0.75% annual management fee**
- **Tax efficient tax elected fund status**
- **Income paid monthly**
- Available for direct investment and for both ISA and SIPP investments
- No initial charge
- Designed to prioritise income and aim for some long term capital growth
- Flexible asset allocation with bond/equity ratio of up to 20/80 either way to provide substantial flexibility between the asset classes based on relative value at any given time
- Tax elected status allows receipt of gross income from corporate bonds for ISA and SIPP investors, no matter what the proportion of bonds to equities
- Straightforward single pricing
- UK authorised UCITS scheme
- Fund structure designed as a low cost post Retail Distribution Review product
- The initial launch of the fund is from 14 June to 27 June

Querns Asset Managers LLP.

Authorised and regulated by the Financial Services Authority – FSA registered number 516255.

A limited liability partnership registered in England, Number OC350861 at Querns Cottage, Collins End, Goring Heath, Oxfordshire RG8 7RH.



Past Performance

Phil Roantree's performance was top quartile for 9 of the 15 full calendar years which he managed the New Star Sterling Bond Fund.

Stephen Whittaker's – Perpetual & Invesco Perpetual – top quartile for 6 of the 13 full calendar years that he managed the Invesco Perpetual UK Growth Fund and New Star – top quartile for 3 of the 5 full calendar years that he managed the New Star UK Growth Fund.

(Where the names of funds are used these are the names of the fund when the manager ceased to manage them)

Initial Asset Allocation

Equities 60%, Bonds 40%

Minimum Investment

Lump sum £1,000

Subsequently £500

Monthly Savings £100

Manager's Charges

Initial Charge 0%

Annual Charge 0.75%

Charged to capital

Stephen Whittaker, Senior Partner of Querns commented:

“With base rates at 0.5% and instant access bank accounts rates only marginally higher, we believe that there is a need for investment products providing a good income. We intend to fill that need whilst at the same time creating the potential for capital growth. We strongly believe that the Querns Income First Fund can achieve both those aims and as a result, the Querns partners personally intend to invest over £5 million in the fund.”

7th June 2010

www.querns.co.uk

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Notes to Editors

Fund Managers

The Querns fund management team consists of Stephen Whittaker and Phil Roantree. Stephen and Phil were investment colleagues for several years at New Star Asset Management. They are very familiar with each other's investment approach and enjoy an inherent understanding of how their respective styles can combine to provide a complementary and highly effective investment solution for income seekers. In short, they make a strong and united investment team.

Stephen Whittaker – Equities

Stephen has 29 years' experience of managing a wide variety of UK portfolios, including small companies, special situations, income and growth funds. He was responsible for building the UK Equity Investment Team at Perpetual plc, and was one of the Company's key speakers on the UK equity market. When he moved on from Perpetual in May 2002 his consistently successful investment approach was reflected in the performance of his UK Growth Fund, which was in the top decile for performance over many measurable periods.

In July 2002, he joined New Star Asset Management as UK Fund Manager, later becoming Joint Chief Investment Officer, and saw his UK Growth Fund grow substantially.

Throughout his career he has been involved in building investment companies into major industry players, using his extensive knowledge and experience to deliver results in terms of fund management, investment team building and influencing overall company strategy and direction.

Phil Roantree – Bonds

Phil has 23 years' experience in the financial services industry. He has managed a broad spectrum of bond portfolios for 18 years, including segregated, unit linked, sterling, global, government and credit portfolios. From 1994 to April 2009 he managed a Sterling denominated credit unit trust, originally managed by Prolific, through a number of changes of ownership of the fund's managing company, including Aberdeen Asset Management and New Star.

As well as working through the upheaval that inevitably follows management change, this also involved successfully negotiating tax legislation changes to restructure the fund away from preference shares towards bonds, to maintain maximum tax efficiency for PEP investors.

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Phil's ability to manage his portfolio seamlessly and successfully through several major ownership and tax regime changes, maintaining his focus on delivering healthy income levels, highlights his commitment to providing investors with strong and stable investments and consistent, healthy returns.

In addition to his responsibility for managing Querns's fixed interest portfolio, Phil will be using his attention to detail and industry experience in the role of Chief Investment Officer.

Querns Executive Team

Peter Gardner - Chief Operating Officer and Compliance Officer

Peter has 31 years' experience in the financial services industry and is extremely experienced in the operations and regulation of asset management companies.

Peter was at Perpetual for 17 years and was instrumental in its development into a leading investment company, managing at various times fund administration departments, transfer agency functions and the compliance department as Chief Compliance Officer.

For two years he was Perpetual's Technical Director, responsible for legal and regulatory advice and corporate governance issues, accounting technical matters, product design, administrative systems and specifying designs for computer systems.

Following the acquisition of Perpetual in 2000 by the global Amvescap organisation, he was appointed Compliance Officer for the group's UK businesses, which operated under the Invesco name, and as Compliance and Risk Director for Invesco UK. He was also a member of the group's UK Executive Committee, developing its strategic plans and products with responsibility for compliance, risk management and internal audit.

Peter has spent the last five years drawing on his extensive industry experience to advise asset management companies and fund supermarket operations in regulatory matters.

John Tierney – Sales and Marketing Partner

John has 29 years' experience in the financial services industry covering a range of business development roles. He began his career in 1980 at Sun Alliance Insurance Group as an Administration Assistant and was soon

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appointed to the role of Life and Pensions Sales Consultant. His subsequent career has focused on Sales and Marketing.

Following a period with the Clerical Medical Investment Group, John was headhunted to run the Bank of Ireland's Fimbra registered Insurance broker. He joined Perpetual in 1990 as a Sales Consultant and worked there for 10 years, spending his final two years at the Company as Sales Director.

Since leaving Perpetual in 2000 he has added to his industry experience with a number of key business development roles, including Head of Retail Sales for Dresdner RCM Global Investors (UK).

Querns

Quern stones are a pair of stone tools for hand grinding a wide variety of materials, particularly grain for flour. They are thought to have originated in Spain 2500 years ago and brought to Britain by Celtic refugees from the Roman invasion of Gaul in the 1st century BC.

Pictures of the partners are available from John Tierney or Richard Pearson.

Important information

Past performance is not a guide to future returns. The value of the fund and the income from it may go down as well as up, so you may not get back the amount you invested. The tax treatment of the Fund may change and such changes cannot be foreseen. Please refer to the latest Full Prospectus and Simplified Prospectuses for more information.

* Gross shares are shares where, in accordance with relevant tax law, distribution or allocation of income is made without any tax being deducted or accounted for by the fund. Gross Shares are available only to those investors in respect of whom distribution or allocation of income may be made without any tax being deducted or accounted for by the fund, for example UK pension funds and ISAs. All other investors will hold net shares.

The yield reflects the historical income based on the estimated initial portfolio, as at 1 June 2010, and in the case of net shares is net of taxation deducted from the distributions, the yield will vary and investors may be subject to tax on their distributions. The fund charges and expenses, estimated to be 1.1% per year, are charged to capital. This has the effect of increasing the distribution(s) for the year by the amount of the charges and expenses and constraining the funds capital performance to an equivalent extent.

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