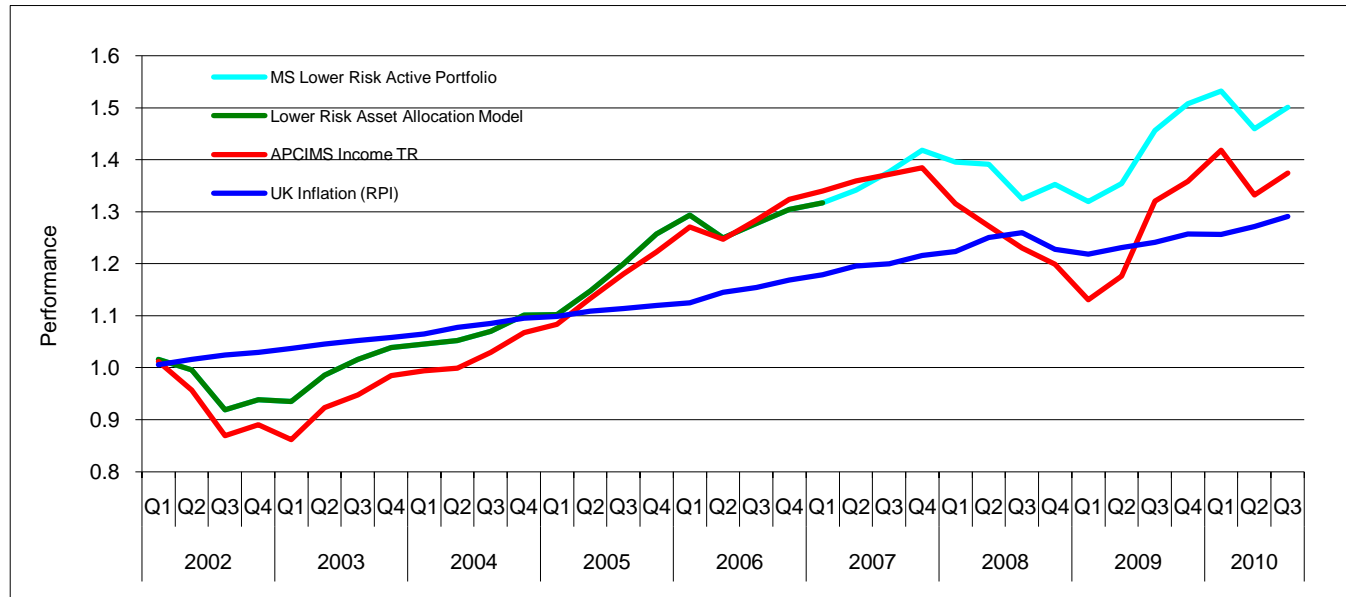




# Merchant Securities

Monday 19 July 2010

## Lower Risk Portfolio



	Annualised Performance			Annual Performance		
	1 Week	MTD	YTD	2009	2008	2007
MS Lower Risk Active Portfolio	0.41%	2.83%	-0.46%	11.17	-4.65	8.58
APCIMS Income	-0.05%	3.20%	1.15%	14.22	-12.90	4.92
Inflation (UK RPI)			2.80%	1.90	0.95	4.05

Source: Bloomberg, Merchant Securities

### Recent Changes

This week's positive returns were generated by both our UK equity holdings and our corporate bonds despite the lacklustre performance of their respective benchmark indicies. Elsewhere our alternative holdings cotinued their robust performance as they benefitted from the market uncertainty.

### Portfolio Asset Allocation

Fixed Income	45%
Equities	35%
Other	20%

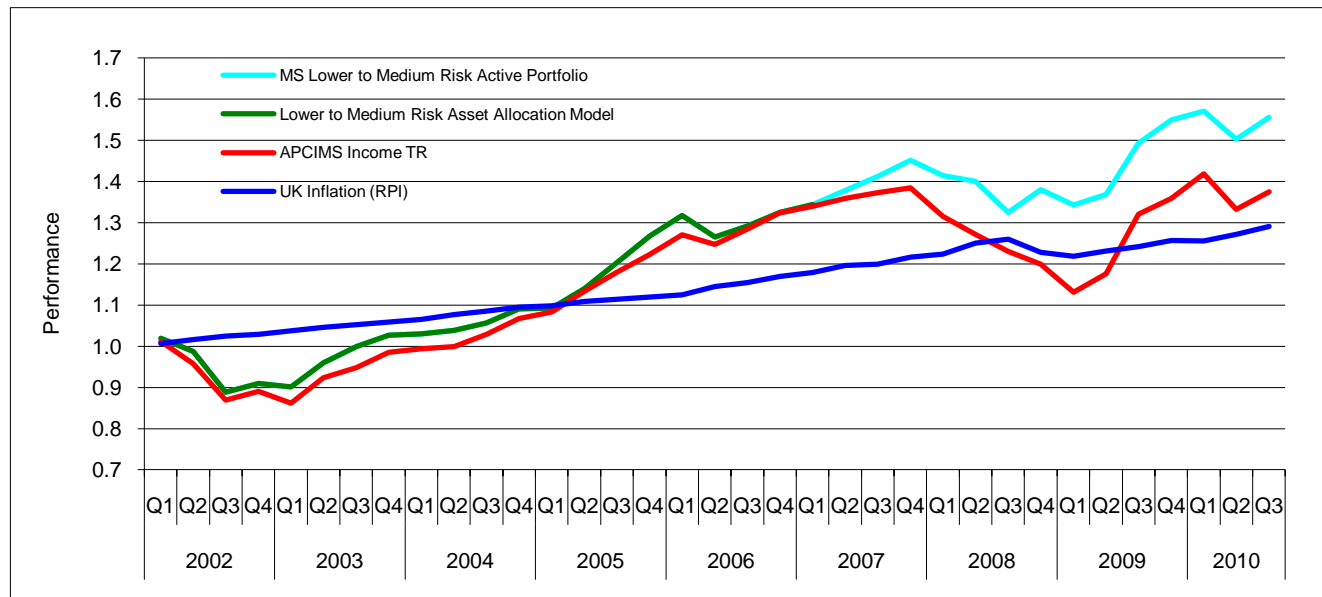
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# Merchant Securities

Monday 19 July 2010

## Lower to Medium Risk Portfolio



	Annualised Performance			Annual Performance		
	1 Week	MTD	YTD	2009	2008	2007
MS Lower to Medium Risk Active Portfolio	0.56%	3.50%	0.41%	11.91	-4.86	9.33
APCIMS Income	-0.05%	3.20%	3.35%	14.22	-12.9	4.92
Inflation (UK RPI)			2.80%	1.90	0.95	4.05

Source: Bloomberg, Merchant Securities

### Recent Changes

This week's positive returns were generated by both our UK equity holdings and our corporate bonds despite the lacklustre performance of their respective benchmark indices. Elsewhere our alternative holdings continued their robust performance as they benefitted from the market uncertainty.

### Portfolio Asset Allocation

Fixed Income	34%
Equities	46%
Other	20%

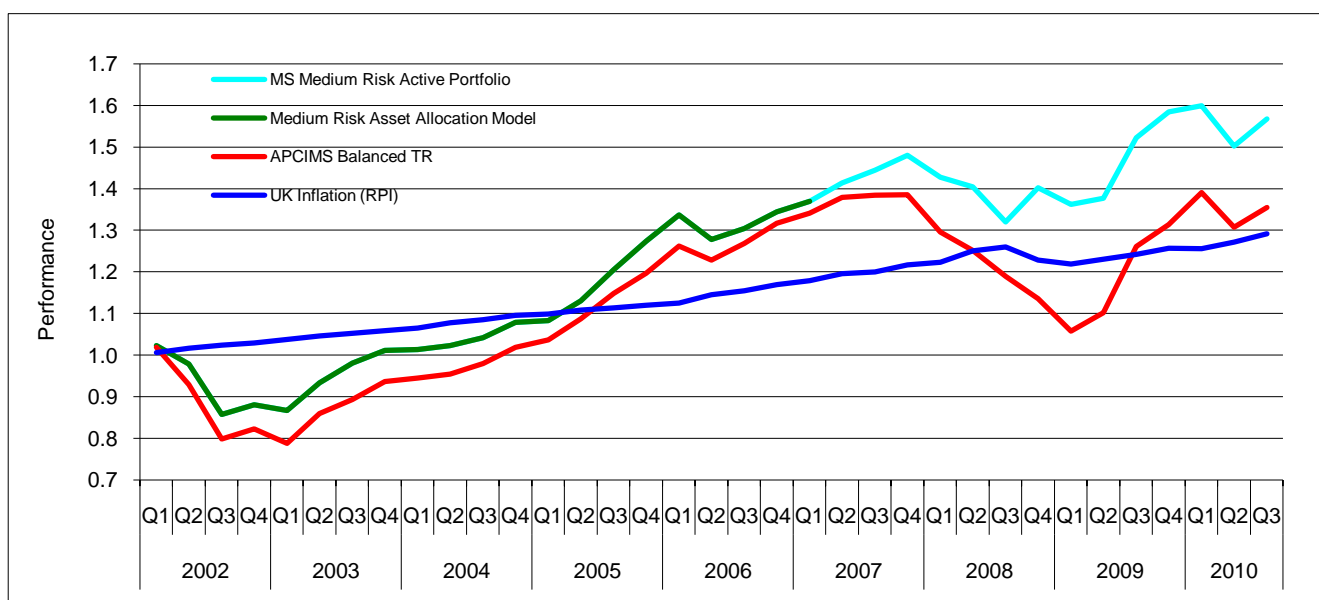
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# Merchant Securities

Monday 19 July 2010

## Medium Risk Portfolio



	Annualised Performance			Annual Performance		
	1 Week	MTD	YTD	2009	2008	2007
MS Medium Risk Active Portfolio	0.74%	-0.20%	-1.06%	12.66	-5.29	9.94
APCIMS Balanced	-0.29%	-1.48%	3.17%	16.62	-17.3	5.66
Inflation (UK RPI)			2.80%	1.90	0.95	4.05

Source: Bloomberg, Merchant Securities

### Recent Changes

This week's positive returns were generated by both our UK equity holdings and our corporate bonds despite the lacklustre performance of their respective benchmark indices. Elsewhere our alternative holdings continued their robust performance as they benefitted from the market uncertainty.

### Portfolio Asset Allocation

Fixed Income	23%
Equities	57%
Other	20%

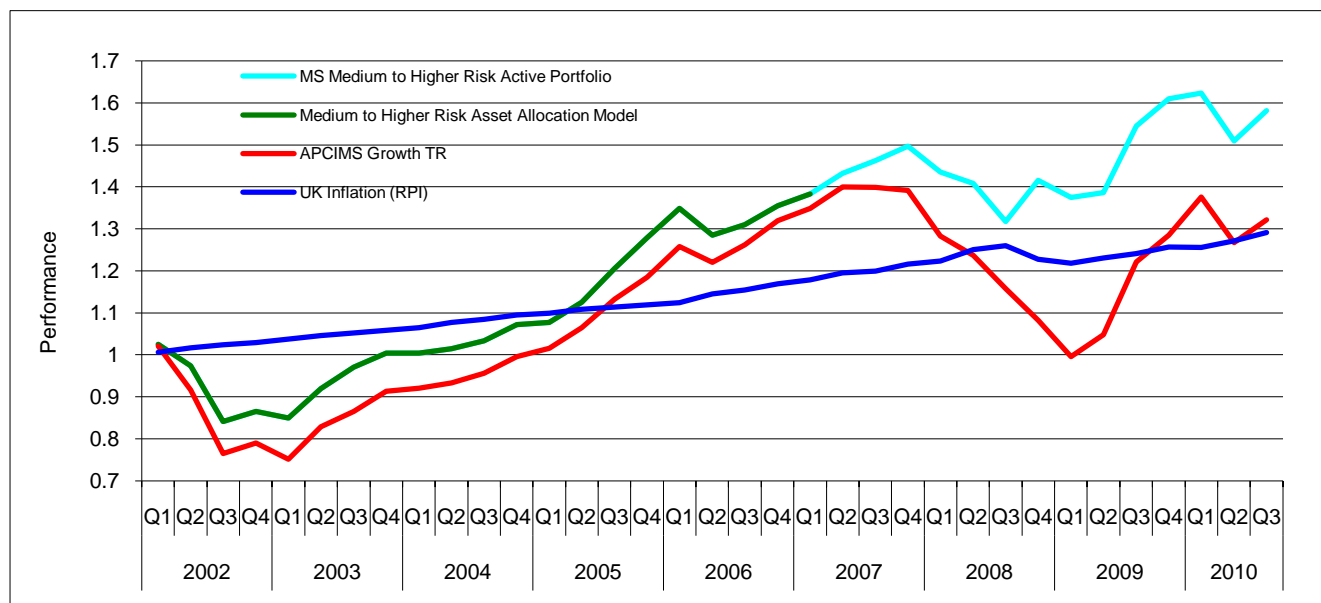
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# Merchant Securities

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## Medium to Higher Risk Portfolio



	Annualised Performance			Annual Performance		
	1 Week	MTD	YTD	2009	2008	2007
MS Medium to Higher Risk Active Portfolio	0.82%	4.77%	-1.79%	13.36	-5.40	10.31
APCIMS Growth	-0.41%	4.30%	2.81%	19.76	-21.23	6.01
Inflation (UK RPI)			2.80%	1.90	0.95	4.05

Source: Bloomberg, Merchant Securities

### Recent Changes

This week's positive returns were generated by both our UK equity holdings and our corporate bonds despite the lacklustre performance of their respective benchmark indices. Elsewhere our alternative holdings continued their robust performance as they benefitted from the market uncertainty.

### Portfolio Asset Allocation

Fixed Income	17%
Equities	63%
Other	20%

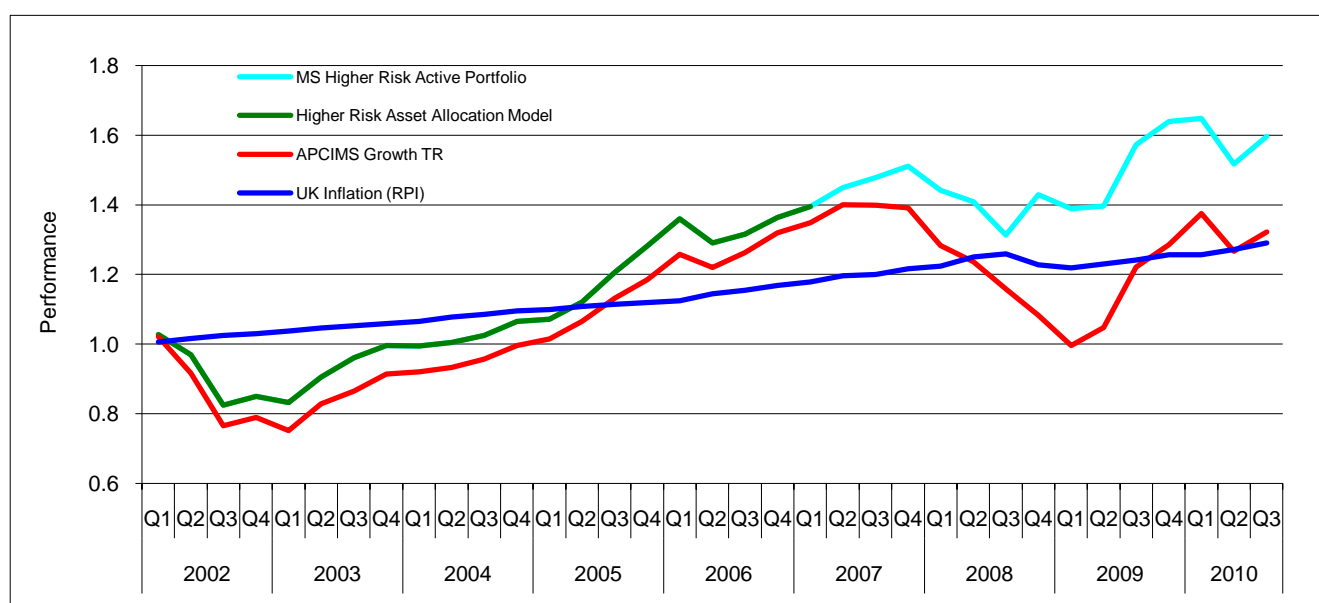
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# Merchant Securities

Monday 19 July 2010

## Higher Risk Portfolio



	Annualised Performance			Annual Performance		
	1 Week	MTD	YTD	2009	2008	2007
MS Higher Risk Active Portfolio	0.91%	5.19%	-2.63%	14.31	-5.43	10.64
APCIMS Growth	-0.41%	4.30%	2.81%	19.76	-21.23	6.01
Inflation (UK RPI)			2.80%	1.90	0.95	4.05

Source: Bloomberg, Merchant Securities

### Recent Changes

This week's positive returns were generated by both our UK equity holdings and our corporate bonds despite the lacklustre performance of their respective benchmark indices. Elsewhere our alternative holdings continued their robust performance as they benefitted from the market uncertainty.

### Portfolio Asset Allocation

Fixed Income	11%
Equities	70%
Other	20%

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# Merchant Securities

Monday 19 July 2010

## Investment Products

### Capital Protected Products

Name	Sector	Capital Protection	Underlying	Tax*	Ccy	Participation	Strike Level	Last Bid	Last Ask	Maturity Date
MS FTSE Hindsight Note	UK	90%	FTSE 100	CGT	GBP	140% capped at 59% index growth	3715.2	122.41	123.42	24/7/14
MS FTSE Hindsight Note II	UK	90%	FTSE 100	CGT	GBP	140% capped at 50% index growth	4243.22	104.38	105.39	30/4/15
EuroStoxx Accelerator 2	Europe	95%	DJ EuroStoxx 50	CGT	GBP	175%	3870.89	91.59	93.09	24/3/11
EuroStoxx Accelerator 4	Europe	100%	DJ EuroStoxx 50	CGT	GBP	160%	4463.52	93.66	95.66	1/6/12
Europe Enhanced [A]	Europe	90%	DJ EuroStoxx 50	CGT	GBP	10x up to 60% then 1.5x after index level above 60%	3316.61	107.88	109.84	5/8/13
Topix Accelerator 220%	Japan	90%	Topix Index	CGT	GBP	220%	1711.31	87.77	88.77	25/5/11
Topix Accelerator 185%	Japan	95%	Topix Index	CGT	GBP	185%	1583.72	92.5092	93.5092	16/12/10
Far East Ex-Japan 14A	Asia ex Japan	90%	KOSPI, MXTW, HKX, SGY, MXCN Index	CGT	GBP	160%	**	90.82	93.13	21/3/11
MS Emerging Market Note	Emerging Markets	90%	iShares MSCI Emerging Markets Index	CGT	GBP	150% capped at 50% (I)	32.82	109.89	111.89	15/7/15
Agrinvest	Soft Commodities	100%	DCI® Agriculture BNP Paribas Enhanced Index	CGT	GBP	130%	**	100.00	101.00	22/6/13
DDQ Commodities Turbo 8	Hard Commodities	90%	Oil, Gas, Heating oil, Al, Pb, Cu, Ni, Zn	CGT	GBP	345%	**	83.75	84.96	16/5/12
Diversified Commodity Bull Bear	Commodities	100%	Al, Cu, gas oil, Brent, coal, livestock	CGT	GBP	170% upside, 85% downside	**	113.00	115.50	17/9/13

### Structured Capital At Risk Products

Name	Sector		Underlying	Tax*	Ccy	Participation	Strike level	Last Bid	Last Ask	Maturity Date
MS Income Note	Income		EuroStoxx 50	Inc	GBP	11.05 p p.a.	2385.9	106.70	106.70	25/11/11
MS Income Note II	Income		EuroStoxx 50	Inc	GBP	10.14 p p.a.	2281.45	104.66	104.66	23/01/12
3yr Inflation Note	Income		RPI	Inc	GBP	RPI x 1.6	n/a	107.75	107.75	26/08/11
EuroStoxx Income Note 3	Income		EuroStoxx 50	Inc	GBP	9 p p.a.	4087.12	56.67	56.67	28/02/13
MS Highest FTSE 100 Look Back Growth Note	UK		FTSE 100	CGT	GBP	100% upside and downside but maximum profit preserved	5356	91.49	91.49	07/12/15
MJES Long Short Dynamic Emerging Market Note	Emerging Markets		iShare MSCI Emerging Markets	CGT	GBP	participation ranges from 0 to 150% both long and short. Positive performance geared by 150%	**	98.04	98.04	26/02/16
MS US and Europe Leveraged	Europe, US		DJ EuroStoxx 50, S&P 500	CGT	GBP	200% on the upside 100% on the downside	**	88.05	88.05	11/09/15

\* Tax Advice should be sought for certainty \*\* Basket - Please call for levels

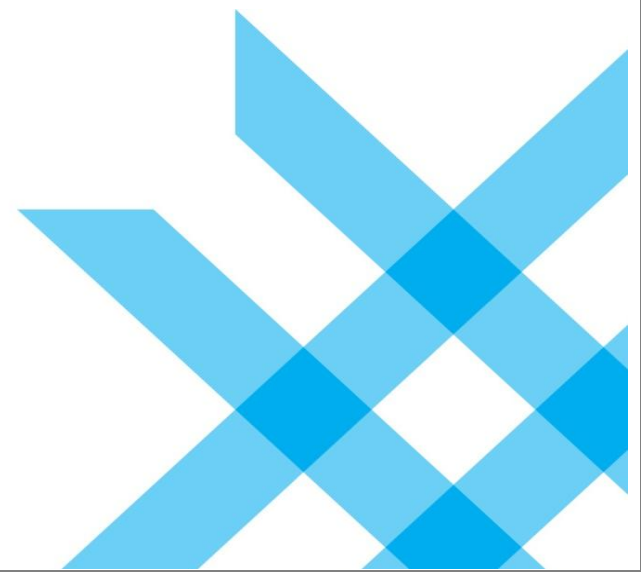
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