



The Protected Asset TEP Fund No.2

A sub-fund of The Protected Asset TEP Fund plc

Fund Fact Sheet – July 2010



Sterling Class

Launch Date: 15/12/2003
Launch Price: £1.00
Min. Invest: £10,000
Sedol No: 3384314
ISIN No: GB0033843144

US Dollar Class

Launch Date: 15/05/2004
Launch Price: \$1.00
Min. Invest: \$15,000
Sedol No: 3434446
ISIN No: GB0034344464

Euro Class

Launch Date: 15/05/2004
Launch Price: €1.00
Min. Invest: €15,000
Sedol No: 3434435
ISIN No: GB0034344357

General Information

(Applicable to all classes)

Domicile: Isle of Man
Investment Class: TEPs
Dealing: Monthly (16th)
Initial Charge: Nil
Redemption Fee: 1st 5 years only
Annual Management Fee: 1.975 %

Fund Size

£249.2m† As at July 16th 2010

Traded Endowment Policies (TEPs)

TEPs are endowment policies that are bought and sold by investors or policyholders and Market Makers.

Full details of PATF No.2 Sub-fund can be found in the Scheme Particulars which are available upon request.

Investment Objectives

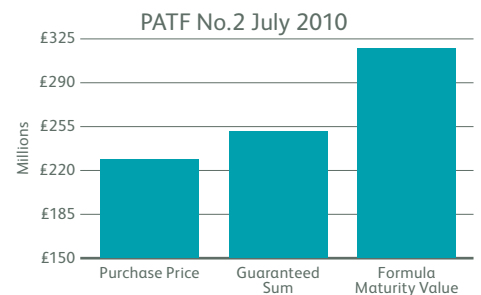
PATF No.2 Sub-fund is designed to provide investors with capital growth and relatively low risk through investment in a diversified portfolio of traded endowment policies. The Sub-fund's investment policy is to achieve above average capital growth by creating and actively managing a carefully structured portfolio of with profit endowment policies.

PATF No.2 is a Qualifying Type Experienced Investor Fund and complies with the requirements of the Isle of Man Collective Investment Schemes (Experienced Investor Fund) Regulations 2010.

Capital Guarantees

With-profit endowment policies provide a guaranteed return on the initial sum assured and usually pay annual bonuses. Once these bonuses are declared they cannot be removed. The sum assured and declared bonuses are guaranteed by the life company.

The chart shows the comparison between the average purchase price of policies acquired by PATF No.2, compared to the average guaranteed sum contained within these policies and their estimated formula maturity value, if the current rates of bonuses remain unaltered, and the policies are held to maturity.



This chart reflects the Fund's current TEP composition and is no indication of any future portfolio construction or investor return. The Fund holds a significant number of policies with different maturity values, determined by life offices' level of bonus rates. Therefore the difference between purchase price, guaranteed sum and formula maturity will change over time.

Fund Statistics

Fund Price at NAV (of the underlying policies as at July 16th):

Sterling Class	US Dollar Class	Euro Class
£0.8932	\$0.9485	€0.8919

Currency Classes

Qualifying Investors can access the Fund in Sterling, US Dollar and Euros. The Fund seeks to protect US Dollar and Euro investors from adverse currency movements. Hedging facilities are transacted through Allied Irish Bank which offers competitive spreads on hedging instruments. JC Rathbone Associates Ltd (JCRA) provide currency hedging advice to the Fund. JCRA has developed since 1989 into the largest independent financial risk management consultancy company in the UK and advise on the most effective mechanism to hedge exposure.

Single Price and Strategy

The Fund has a single dealing price so as not to disadvantage either buyers or sellers. The investment strategy is to hold policies to maturity for long term investors.

† Gross assets only and does not take account of any current liabilities.

For professional intermediaries only

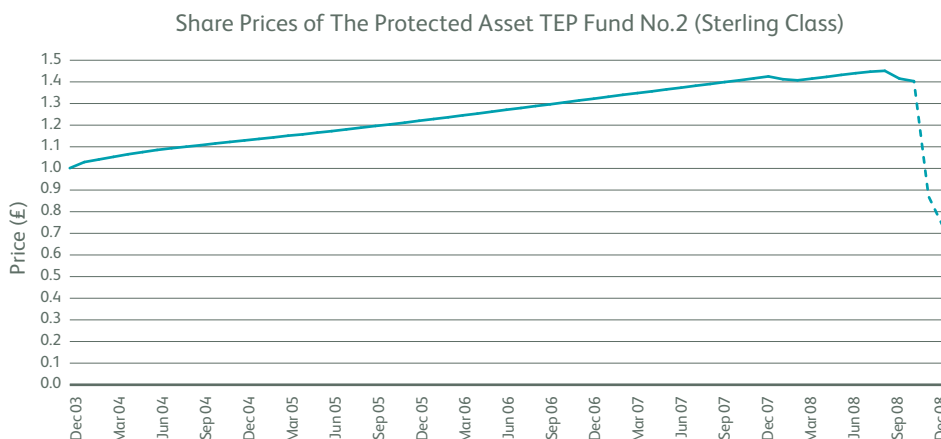
Fund Performance and Asset Allocation

Long Term Performance

PATF No.2 has shown positive growth over the long term, achieving in October 2008, 40.15% growth since launch.

However with the market turmoil at the end of 2008, the Fund became a forced seller of policies.

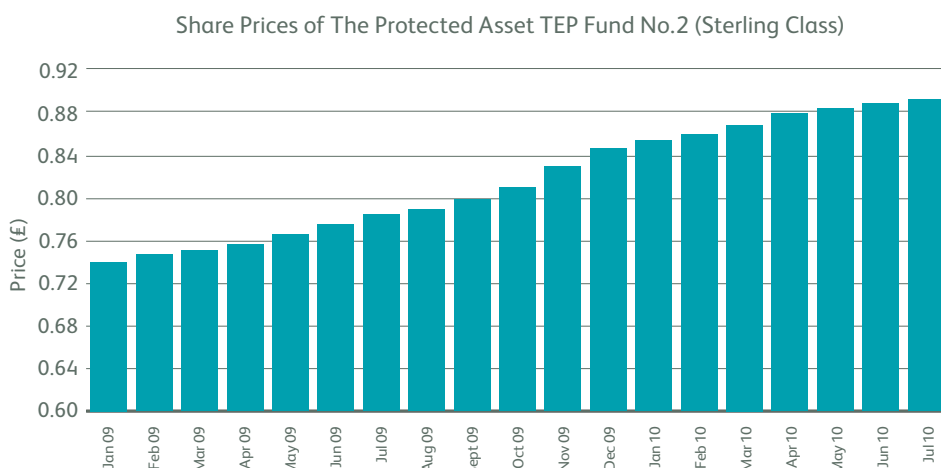
This resulted in the temporary re-valuation from Net Asset Value (NAV) to Net Realisable Value (NRV).



19 Months of Positive Performance

The chart represents the performance of PATF No.2 from January 2009 – July 2010.

Despite continuing market uncertainty, the Fund has shown consistent growth, demonstrating the stability and performance of the TEP asset class.



Past Performance

From August 20th 2009 the Fund returned to Net Asset Value (NAV) valuation methodology.

Period	1 Month	3 Months	6 Months	1 Year	5 Years	Since Launch
£ Growth %	0.42 %	1.43 %	4.46 %	13.74 %	-24.23 %	-10.68 %
\$ Growth %	0.54 %	1.47 %	3.55 %	16.68 %	-12.96 %	-5.15 %
€ Growth %	0.58 %	1.56 %	4.51 %	13.79 %	-18.11 %	-10.81 %

Asset Allocation

PATF No.2 is designed to provide capital growth, and relatively low risk through investment in a diversified portfolio of traded endowment policies.

PATF No.2 only invests in policies issued by well established companies which normally invest in diversified portfolios of investments that typically comprise Treasury bonds, equities, property and other investments.



Important

Any investor into PATF No.2 must be a Qualifying Investor as defined in the Order and PATF No.2's Scheme Particulars and, prior to investment, must have signed a statement acknowledging that they are a Qualifying Investor and that they have read and understood the Scheme Particulars and accept the risks associated with such an investment. The value of shares and the income produced by them can fall as well as rise. Investors may not get back the value of their original investment. Past performance is not necessarily a guide to future

performance. Any reference to a guarantee relates to the underlying policies and not to the share price of PATF No.2. An investment in PATF No.2 should be regarded as medium to long in nature. PATF No.2 is not subject to any form of authorisation or approval in the Isle of Man and investors are not protected by any statutory compensation arrangements in the event of PATF No.2's failure.

Fund Manager: Abacus Financial Services Ltd.
Auditors: KPMG Audit LLC
Custodian: BNP Paribas Trust Company (Guernsey) Limited
Policy Provider: TIS Group Ltd. Via AAP Ltd.
Bankers: Royal Bank of Scotland International Limited
Promoter: Protected Distribution Limited
 Email: info@pdinternational.com