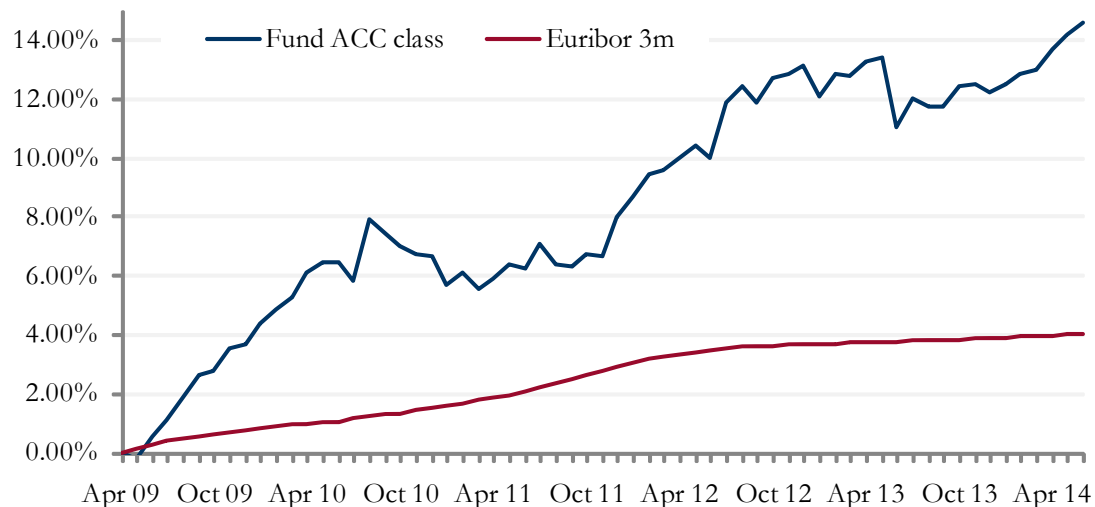


STRATEGIC EURO BOND FUND

A SUB-FUND OF E.I. STURDZA FUNDS PLC REGISTERED IN IRELAND

QUARTERLY UPDATE – QTR 2 2014

HISTORICAL PERFORMANCE:

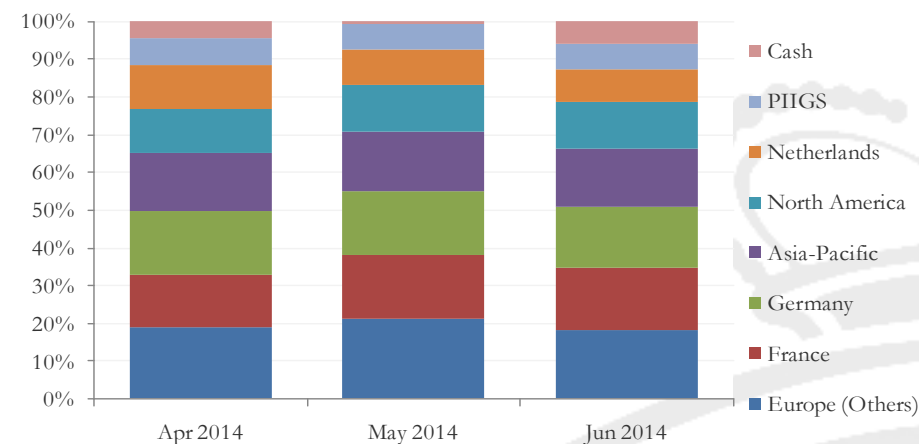


	Absolute Return since Inception	Annualised Return since Inception	Quarter 2 2014 Performance
Fund (ACC Share Class)	14.58%	2.67%	1.42%
Euribor 3m	4.00%	0.76%	0.07%
Relative Performance	10.58%	1.91%	1.36%

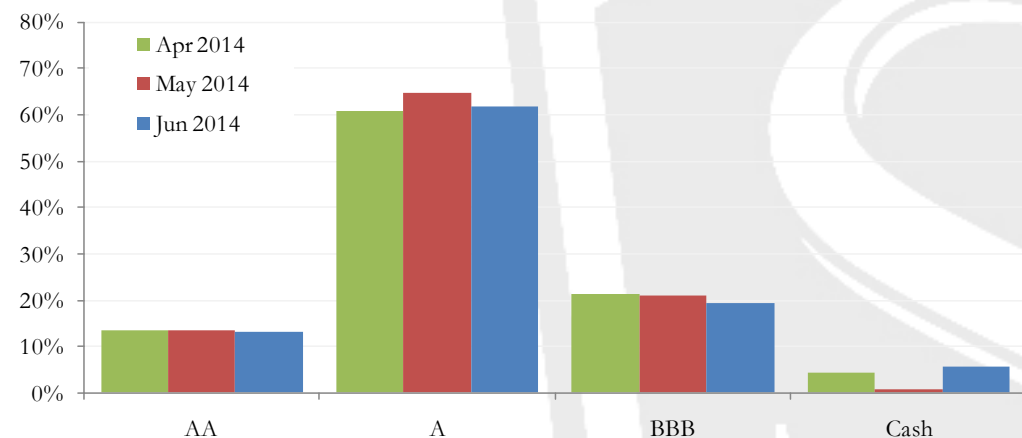
KEY FEATURES:

- UCITS IV compliant fixed income fund focussing on Euro denominated issues;
- Absolute return approach to investing in a portfolio of high quality Euro denominated bonds;
- Objective to outperform fiduciaries (capital preservation) after inflation (purchasing power preservation);
- Active management of the Fund's duration with Bund futures to protect against interest rate risk.

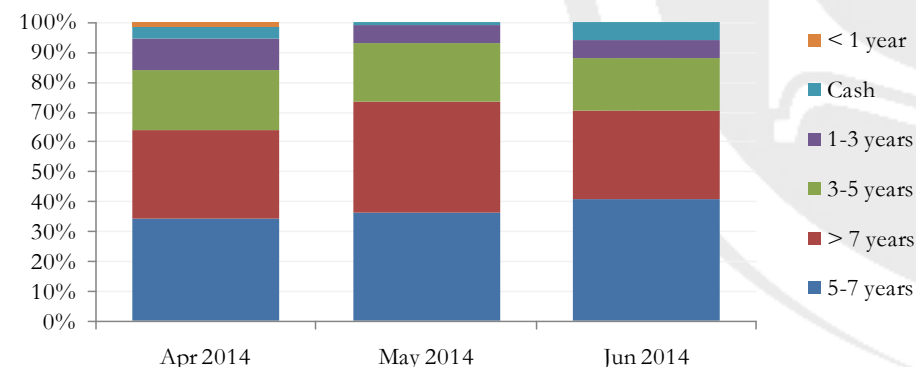
COUNTRY ALLOCATION - QTR 2 EVOLUTION:



RATING ALLOCATION - QTR 2 EVOLUTION:



MATURITY ALLOCATION - QTR 2 EVOLUTION:





Eric Vanraes is a Fixed Income Portfolio Manager within the Sturdza Private Banking Group and has over twenty two years' experience in this space. Eric joined the group in July 2008 as a Fixed Income specialist and currently co-manages the Strategic Euro Bond Fund and Strategic Global Bond Funds. Prior to his current role Eric was a Member of Senior Management and Head of Credit and Absolute Return Portfolio Management at Union Bancaire Privée, Genève. Eric has also held senior positions with SNVB Gestion, Paris and NSM Gestion, Paris.



Pascal Perrone joined the Sturdza Private Banking Group as Co-Portfolio Manager of the Strategic Euro Bond Fund and Strategic Global Bond Fund in March 2013. He is an experienced portfolio manager with proven ability to manage fixed income portfolios and money market funds. Pascal has held senior positions at Union Bancaire Privée, Discount Bank & Trust Co. and Banque Cantonale Vaudoise. Further he is experienced in Finance and Investments and holds a CFPI Federal Diploma from AZEK Swiss Training Centre for Investment Professionals.

Q&A WITH MR ERIC VANRAES & MR PASCAL PERRONE - QUARTER 2 2014:

Q1. Over the quarter, the exposure of the portfolio to France, Czech Republic and Sweden increased, whilst the exposure to Netherlands declined. In addition, the position of the portfolio to A+ and AA- rated bonds also increased. Could you comment on the factors that have driven such changes?

A1. Our Country allocation changed slightly in Q2. Our main exposure remained Europe with c. 67%, followed by Asia and North America with exposures of 15% and 12% respectively. Regarding the above mentioned changes, they have been mainly driven by our bond picking policy without any intention to favour a specific country. Indeed, we found principally opportunities among AA- A bonds whose issuers were based in the mentioned countries given their attractive valuations and risk profile. We also took profit on some BBB issues where valuations looked stretched. In their search for yield, investors have focussed on BBB issues given the low rates environment and have pushed some valuations to levels not reflecting their respective risks. Moreover, the credit cycle is less advanced in Europe than in the US and European companies are still deleveraging. We will continue to focus on credit selection as we are committed to maintain a low risk profile portfolio in respect of our investment policy.

Q2. Over the quarter, the portfolio's position in Consumer non-cyclicals declined from 22% to c. 17% and the exposure to the Financial sector increased slightly. Could you comment on the rationale for such changes?

A2. Our sector allocation changes have been mainly driven by bond picking also. The weight of the Financial sector moved up because we increased our exposure to Investor AB, the Swedish industrial holding company (A1 Moody's but AA- S&P) founded and managed by the Wallenberg family, on behalf its attractive yield/quality ratio. We also increase our exposure to Allianz following the profit warning of the company due to issues at Pimco, the

asset management branch. The company remains strongly capitalised and we expect good performance in their different insurance businesses. The decrease in the Consumer non-cyclical sector reflected mainly our sales of Teva, the Israeli pharmaceutical company, given its unattractive risk/return profile for a BBB+ issuer; and BAT due to more aggressive M&A activity in the tobacco sector in the US where competition due to changing consumer habits is intensifying. The possible takeover of Lorillard by Reynolds American could lead to a downgrade of BAT from A- to BBB which is not included in the current spread.

Q3. Could you provide an overview of your outlook for the European bond market for the next quarter taking into account the ECB's recent intervention to head off the rising risk of deflation in the Eurozone and an insight to any specific risks/opportunities you foresee?

A3. The ECB's recent decisions, including a negative deposit rate, an asset-purchase plan and a first step EUR 400bn funding package (TLTRO) tied to bank lending, should not only prevent deflation in the Eurozone but support the European banking system by offering cheap funding cost. These conditions should help to increase lending to corporates and private customers but also reduce the risk premium between core and periphery sovereign and corporate bonds. In this context, the European bond market should continue to perform well given a dovish ECB, banking sector deleveraging and low inflation expectations. With deflation and macroeconomic disappointment risks, we expect the ECB to remain highly accommodative in the next quarters. We are confident that positive returns will be achievable thanks to the carry of corporates, their spread tightening potential, credit selection and a very active duration and yield curve management.

FUND STRUCTURE & KEY TERMS:

Manager:	E.I. Sturdza Strategic Management Ltd
Adviser:	Banque Baring Brothers Sturdza S.A.
Administrator:	HSBC Securities Services (Ireland) Ltd
Custodian:	HSBC Institutional Trust Services (Ireland) Ltd
Structure:	Open Ended Investment Company
Domicile:	Ireland
Launch Date:	April 2009
AUM:	EUR 91.68 million
Available share classes:	EUR & CHF Accumulating, EUR & CHF Institutional and EUR Distributing
Min Investment:	EUR/CHF 5,000 for Accumulating & Distributing classes and EUR/CHF 3 million for Institutional classes
Liquidity:	Daily, cut off 17:00 Irish time the business day before the applicable valuation point
Notification:	One business day prior to the applicable valuation point
Man. Fee	0.75% Acc & Dist classes and 0.45% for Inst classes
Placement fee:	Up to 2%

FUND IDENTIFIERS:

	ISIN	Bloomberg TK:
EUR Accumulating Class:	IE00B45CGH72	STSTEB A ID
EUR Distributing Class:	IE00B45CFR06	STSTEB D ID
EUR Institutional Class:	IE00B86MPF55	STSTEB I ID
CHF Accumulating Class:	IE00B904Y805	STSTEC A ID
CHF Institutional Class:	IE00B9096X40	STSTCH I ID

E.I. STURDZA STRATEGIC MANAGEMENT LIMITED



E.I. Sturdza Strategic Management Limited forms part of the Sturdza Private Banking Group which has been registered in Guernsey since 1999. E.I. Sturdza Strategic Management Limited is licensed by the Guernsey Financial Services Commission to provide investment management and advisory services and acts as the manager of a diversified range of Guernsey and Irish domiciled funds, with over USD 2.2 billion under management.

E.I. Sturdza Strategic Management Limited's investment philosophy is to provide institutional and private clients with attractive and valuable investment opportunities and our track record of achieving these core goals extends over many years. A key part of our philosophy is to work with the most talented and successful investment professionals and to focus on investment opportunities in which we have a high level of expertise and experience.

E.I. Sturdza Strategic Management Limited currently manages a diversified range of single manager funds, all of which pursue geographically or thematically tailored investment strategies and are advised by Investment Advisers with extensive experience in their chosen strategy. All funds under E.I. Sturdza Strategic Management Limited's management are either Guernsey domiciled OEIC Class B schemes or are UCITS IV compliant Irish domiciled funds forming part of the E.I. Sturdza Funds PLC umbrella structure.

L. Georges Gutmans has been the Managing Director of E.I. Sturdza Strategic Management Limited since December 2005. In this capacity he assumes overall responsibility for the Group's fund operations.

Prior to joining the Sturdza Private Banking Group Georges held senior positions in corporate, private and investment banking with Citibank in Zürich and Geneva between 1976 and 1992, after 10 years' experience in industry.

Georges holds a MA in Economics from Cambridge University and an MBA from INSEAD.

DISCLAIMER:

Please note that displayed performance is provided on a net of fees basis.

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Cautionary Statement Regarding Forward-Looking Statements. This quarterly letter contains statements that constitute "forward-looking statements", including but not limited to the Investment Adviser's outlook, strategies and expectations. While these forward-looking statements represent the Investment Adviser's judgment and expectations concerning the matters described, a number of risks, uncertainties and other important factors could cause actual developments and results to differ materially from their expectations. The Investment Manager cautions that forward-looking statements are subject to numerous assumptions, risks and uncertainties, which change over time. Forward-looking statements speak only as of the date they are made, and the Investment Manager assumes no duty to and does not undertake to update forward-looking statements. Actual results could differ materially from those anticipated in forward-looking statements and future results could differ materially from historical performance.

The Swiss Representative and Swiss Paying Agent is Banque Baring Brothers Sturdza S.A, Rue du Rhône 112, P.O. Box 3024, CH-1211 Geneva 3. Copies of the Prospectus, KIID, articles of association, annual and semi-annual reports may be obtained free of charge at the seat of the Swiss representative.