



Bloxham, the Global Equity Income Specialists

Process Presentation

Shane O' Neill

Head of UK Distribution

July 5th 2011



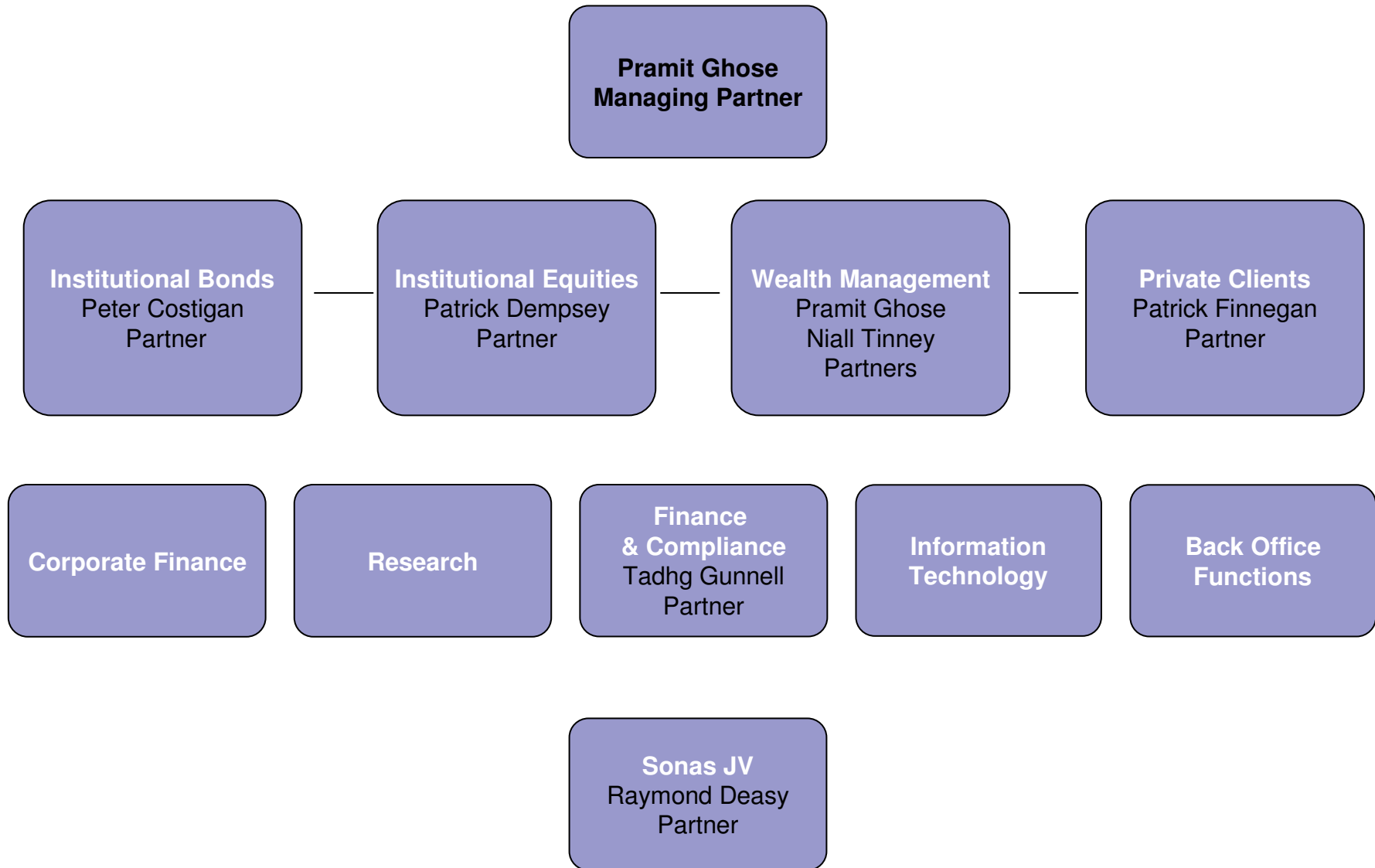
Agenda

- Business Overview
- People
- Investment Philosophy & Style
- Research Process & Analysis
- Portfolio Construction
- Implementation & Execution
- Differentiation
- Contact



Business Overview

Organisational Structure





Bloxham – Who are we?

- Independently owned firm, eight partners
- Prमित Ghose is Managing Partner
- Four Key Divisions within the firm
- *Wealth Management* – Euro 900m under management in Global Equity mandates
- *Private Clients* – Over Euro 1bn under management with twenty experienced portfolio managers
- *Institutional Bonds* – Places over Euro 1bn of new issue bonds into the Dublin market annually
- *Institutional Equities* – Independent research & dealing service in Irish equities



Bloxham Wealth Management

- Independent Investment Boutique
- Headed by Prमित Ghose, an experienced multiple award winning Fund Manager
- Proven Investment Process over time
- Sole focus on Global Equities
- Euro 600m under management in Global Equity Income (first fund launched back in 2002)
- Stability – Fund Manager participation in the future growth and profitability of the firm
- Strong well resourced team of 12



Bloxham AUM – Global Equity Income

- Irish AUM – Euro 470m (Sept 2009)
- UK AUM – Sterling £4.1m (Sept 2009)
- Irish AUM – Euro 577m (May 2011)
- UK AUM – Sterling £23m (May 2011)
- *Irish clients* – Aer Lingus, Arnotts, Fyffes, Law Society of Ireland, St. Vincent de Paul.
- *UK clients* – Hargreaves Lansdown, Thesis Asset Management
- Asset split overall – 80% Retail, 20% Institutional



People



Key People & Decision Makers

- Primit Ghose – Thematic & Top down
- Kevin McConnell – Quantitative
- Bernard Murphy – Bottom up/Fundamental
- Des Flood – Bottom up/Fundamental
- Paul O'Brien – Bottom up/Fundamental
- Graham O'Neill – Thematic and Top down –
Emerging Markets

Bloxham Senior Investment Team



Pramit Ghose BA (Mod), FIA, FSAI, MSI – Managing Partner, Head of Investment

Pramit is responsible for developing and managing the Bloxham suite of funds. Pramit has a long and successful record in managing investments. His actuarial background gives him particular understanding of matching assets to investors' risk profiles. Over the past decade he headed up the investment operations of both Friends First and Hibernian and won a Moneymate Fund Manager of the Year Award in 1996, 1997, 1998 and 1999. Today Pramit is responsible for the day to day management of Bloxham's Global Equity and Global Equity Income Funds.



Bernard Murphy B COMM FCCA – Senior Fund Manager

Bernard has over thirty years' experience in the investment industry and is also a qualified accountant. Having started his career in stockbroking, he moved to the investment division of Hibernian in 1981 and was a founding director of Hibernian Investment Managers in 1989. Over the years Bernard has managed a wide range of equity portfolios, and has built up an enviable track record of consistent performance. He joined Bloxham in February 2004, and manages the Bloxham Global Equity & Global Equity Income Funds with Pramit and the Team



Des Flood M.Econ – Senior Fund Manager

Des joined Bloxham in June 2007, having previously worked for three years as a senior fund manager at Bank of Ireland Asset Management (BIAM) in Dublin. At BIAM he worked both on European regional and global portfolios. Prior to that Des spent nine years working at Hibernian Investment Managers as Head of Equities and Eurozone Asset Manager. Des previously worked in the UK between 1987 and 1995 at National Mutual of Australia as a UK Asset Manager and at Paribas Capital Markets as a Capital Goods Analyst. Des has a Masters degree in Economics and is a member of the CFA Institute and Securities Institute. Today Des manages the Global Equity and Global Equity Income Funds with Pramit and the Team



Bloxham Senior Investment Team



Paul O'Brien BBS, Msc in Investment & Treasury – Senior Fund Manager

A double graduate of DCU, Paul joined the Asset Management department in 2005 having previously worked as an equity analyst in Bloxham since 2002. Paul specialises in portfolio risk management and using quantitative research techniques to identify suitable stocks for the Bloxham Funds. Paul is an affiliate member of the Chartered Institute for Securities & Investment and is also a Registered Representative of the Irish Stock Exchange. Paul has completed Level II of the CFA program. Today he manages the Global Equity and Global Equity Income Funds with Pramit and the Team.



Graham O'Neill – Senior Consultant (Thematic & Emerging Market Strategy)

Graham has over 27 years experience in the fund management industry. He has worked as a Fund Manager in London and was Chief Investment Officer of Abbey Life in Ireland during the 1990's. He will be acting as a consultant to Bloxham supporting Pramit Ghose in setting top down themes as well as overall emerging market strategy. Graham has strong local contacts in emerging market regions and travels to the regions at least once a year. He writes regularly for the Irish Broker magazine on numerous fund management issues.



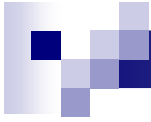
Kevin McConnell, CFA – Director of Investment Strategy

Kevin has been with Bloxham for over 10 years covering overall investment strategy and heading up the research operations. A key part of Kevins role has been in the development of a number of proprietary quantitative models namely the global screening model and the technical analysis model. Both are used in the global equity income investment process. He was recently voted 'best equity strategy' and headed the team that won 'best technical research' (survey conducted by Finance magazine). Kevin also lectures at Trinity College Dublin, covering one of the core modules in the Masters in Finance.



Bloxham Investment Team

- **4 Senior Fund Managers** – responsible for top down decision making and fundamental analysis
- **1 Senior Consultant** – responsible for emerging market thematic and top down decision making
- **5 Equity/Quant Analysts** – responsible for maintaining Bloxhams proprietary models as well as researching domestic stocks
- **1 Senior Economist** – responsible for producing regular/ad hoc reports on the global economy that feeds into our top down views
- **1 Systems Expert** – works with the senior fund managers to ensure optimal systems efficiency



Investment Philosophy and Style



Investment Philosophy

- We are fundamental bottom up stockpickers with a top down overlay
- Our approach utilises a combination of both quantitative and fundamental analysis
- ‘Conservative’ and ‘Contrarian’ are key words within our core philosophy



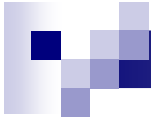
Investment Style

- Our conservative contrarian approach with an emphasis on quality generally places us in the value space
- We invest in high quality companies with the ability to pay ongoing higher dividends on a sustained basis.
- We construct balanced Global Portfolios of up to 70 stocks from a Global Universe of 3,000+ stocks with a market cap in excess of £500m



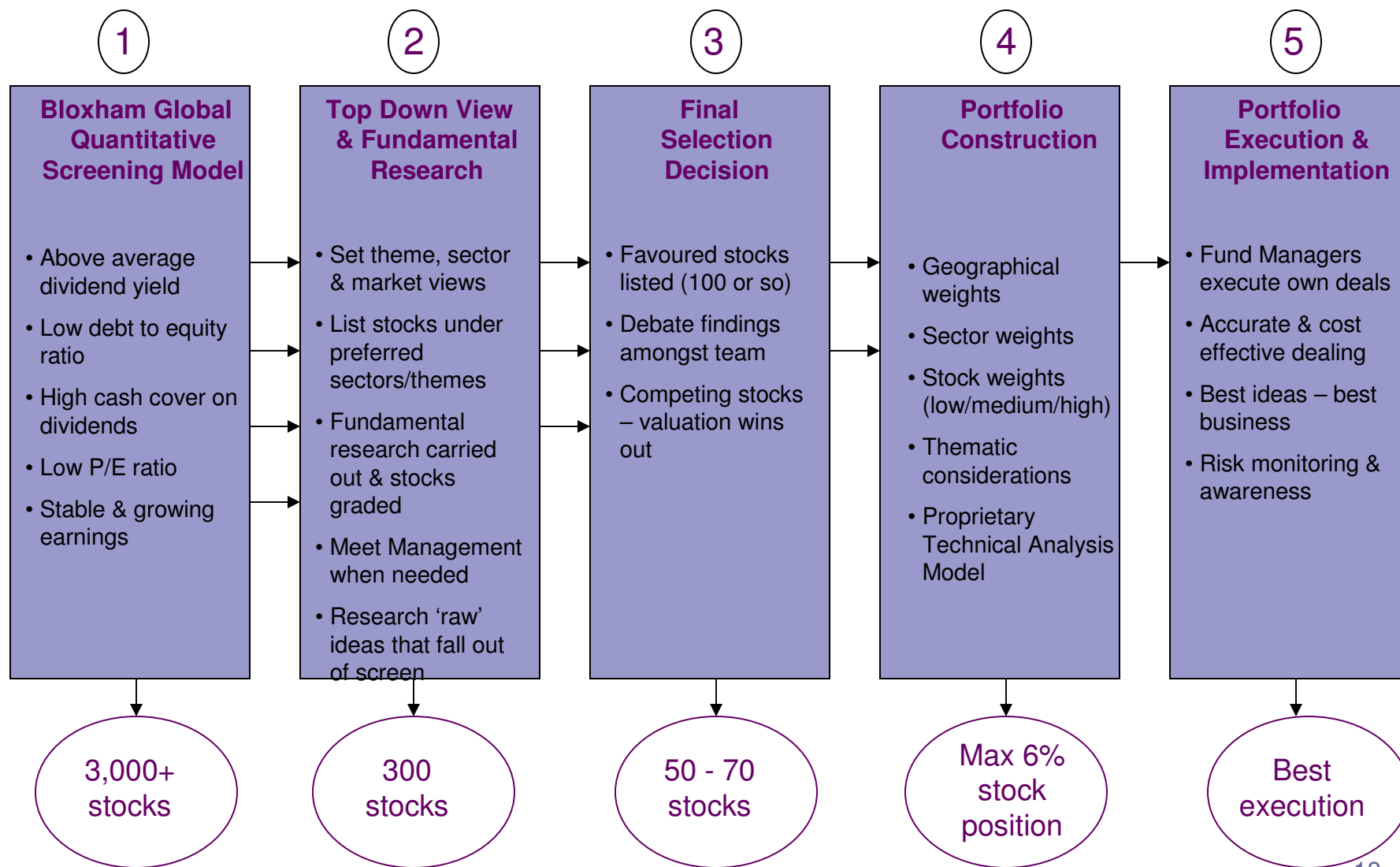
Adapting Our Approach

- Run a wider range of cash levels in order to increase portfolio defensiveness and flexibility
- Take advantage of increased stock price volatility
- When individual stocks shoot up in a short period, take profits
- Use weak days to accumulate favourite stocks
- Be less concentrated and more diversified



Investment Process (inc. portfolio construction)

Bloxham Investment Process





Global Screening Model Parameters

- Relatively low P/E Ratio
- Earnings growth over next 12 months
- Relatively high dividend cover (eps/dps)
- Strong cash flow/dividend payout ratio
- Analyst forecast upgrade momentum
- Minimum number of analyst coverage
- High cashflow yield
- Dividend Yield to be higher than the average yield of region
- Low Gearing – (Debt/Equity)



Stage 2: Part A

Thematic, Sector, Geographical & Market views

- Key Strategists Citigroup, Deutsche Bank, Collins Stewart, CLSA, Cheuvreux
- Meeting Management Plus competitors if possible
- Global Alpha Old Mutual, Cazenove Capital Management, Schroders, etc
- Economists Inhouse and external
- Analysts External (large and specialist) and Internal
- Trade FT.COM etc



Stage 2: Part B

Fundamental Analysis (Metcash/ Metro)

- Top down preference – Growth Economy + Consumer Staple
- Stocks screened – Metro, Wesfarmers, Woolworths, Metcash, Tesco, Sainsbury, Casino
- Analyse reports and speak with key analysts (Citigroup, RBS, Bernstein)
- Note most favoured Stocks
- Carry out own internal analysis of industry, company, balance sheet and valuation
- Team meeting to debate findings
- Decision – management, balance sheet and valuation win out - Metro and Metcash bought



Stage 3:

Final Selection Decision

- Team debates remaining stock list and retests sector, theme and geographical preferences
- Similar stocks – valuation wins out!
- Each stock given a price target range
- 50-70 stocks outlined for inclusion in portfolio
- ‘Subs-bench’ at hand if/when stocks sold down



Stage 4: Part A

Portfolio Construction Rules

- number of stocks 50 to 70
- stock weighting 1% to 6% maximum
- sector weighting common sense approach
- geographical weighting common sense approach
- tracking error range 5% to 7%
- holding period 1 to 3 years
- outperformance target 1% plus (rolling 3 years)
- Volatility target 80% that of the market

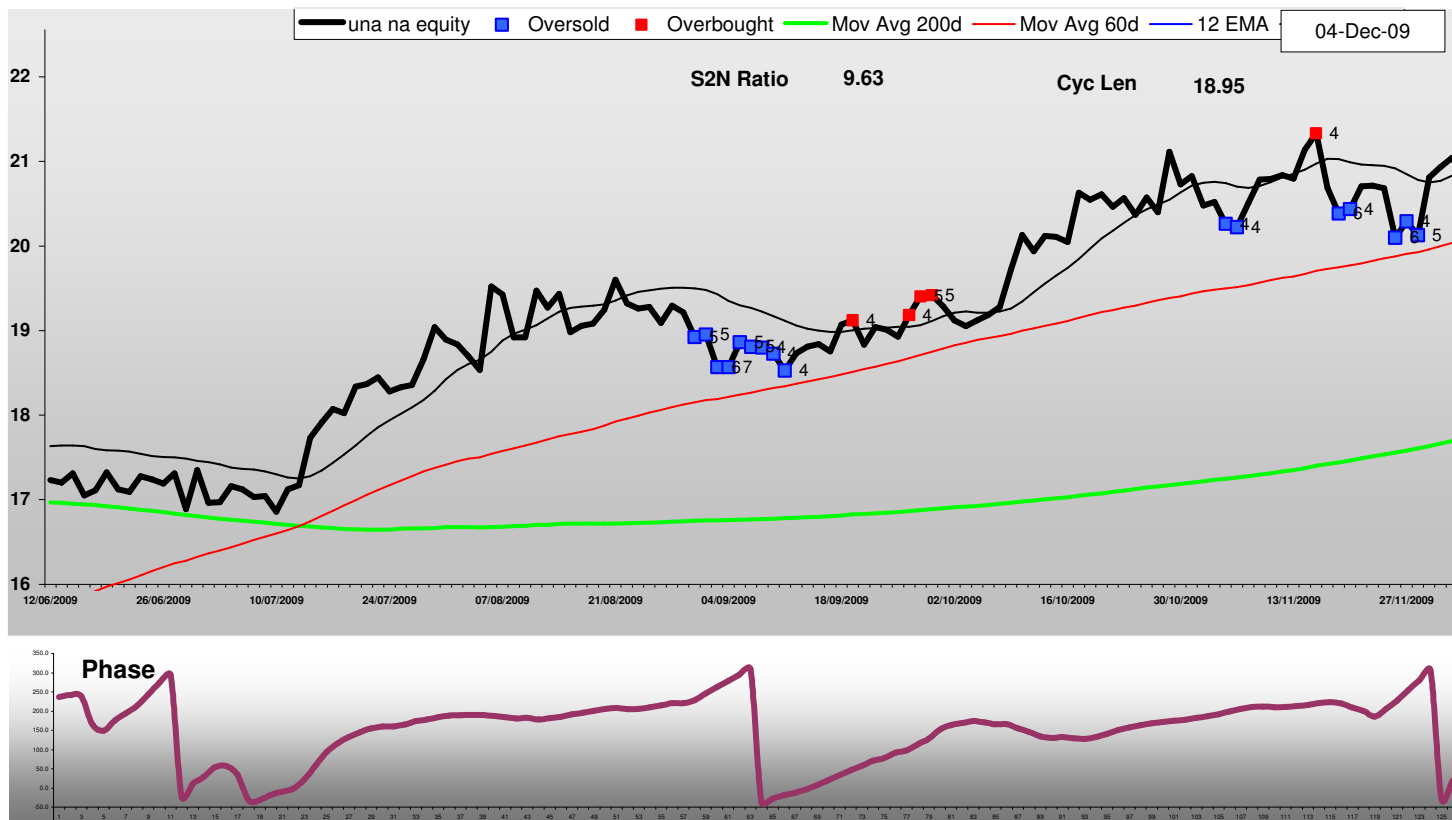


Stage 4: Part B

Bloxham Proprietary Technical Analysis Model

- Proprietary Model unique to Bloxham
- Identifies technically overbought and oversold opportunities
- Post 2007 improvements means the model can now detect positive and negative stock trends long before other established techniques
- Adds value through better timing of entry and exits points and monitoring of portfolio positions
- Model covers over 2,000 stocks and sectors globally
- Eight year history

Technical Analysis Model - Unilever





Stage 5: Risk Monitoring

- Continuous review by the Bloxham team to adhere to agreed risk parameters
- Continuous review by our third party sources – Oakley Alternative Investment Management, Way Fund Managers & BNY Mellon Trustees
- Independent regular risk analysis reports from Citigroup & Quaternity
- Pre and post-trade compliance monitoring by Bloxham



Sell Discipline

- Stock hits price target
- If stock falls out of the proprietary global screen it may be sold or maintained. It cannot be increased.
- Fundamental reason why we bought the stock changes or deteriorates
- Better opportunities make it onto the proprietary quantitative screen
- Stock shown as overbought on the proprietary technical analysis model
- Stock shown as entering downtrend on the proprietary technical analysis model

Sell Discipline – Microsoft





Stock examples

Sell - Total

FP FP € ↓ **39.135** +.095 P 0s P 39.1300/39.1450 P 577x589
 DELAY 9:33 Vol 1,109,289 Op 38.705 P Hi 39.315 P Lo 38.7 P ValTrd 43337000

FP FP EQUITY		Advanced	Hide	GP - Line Chart			Page 1/19
Range	10/22/07 - 10/21/10	Upper	Trade Line	Mov. Avgs		Currency	EUR
Period	Daily	Lower	None	Mov. Avg		<input type="checkbox"/> Events	



Australia 61 2 9777 8600 Brazil 5511 3048 4500 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hong Kong 852 2977 6000
 Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000
 Copyright 2010 Bloomberg Finance L.P.
 SN 461044 6677-295-3 21-Oct-2010 09:48:35

Buy - Repsol

REP SM € s ↓ 19.645 +.035 Q M 19.645/19.67 M 2942x6368
 DELAY 9:31 Vol 1,636,931 Op 19.58 Q Hi 19.67 Q Lo 19.435 Q ValTrd 31997072

REP SM EQUITY Advanced Hide GP - Line Chart Page 1/7
 Range 10/21/09 - 10/21/10 Upper Trade Line Mov. Avgs Currency EUR
 Period Daily Lower None Mov. Avg Events



Australia 61 2 9777 8600 Brazil 5511 3048 4500 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hong Kong 852 2977 6000
 Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000
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Buy – Hutchinson Whampoa

13 HK HKD ↑ **77.75** -.55 H H77.65/77.75H 51Kx11K Equity**GP**
 DELAY Vol 18,738,626 Op 78.50 H Hi 78.95 H Lo 77.00 H ValTrd 1461.60m

13 HK EQUITY		Advanced	Hide	GP - Line Chart			Page 1/19
Range	10/22/07 - 10/21/10	Upper	Trade Line	Mov. Avgs		Currency	HKD
Period	Daily	Lower	None	Mov. Avg		Events	



Australia 61 2 9777 8600 Brazil 5511 3048 4500 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hong Kong 852 2977 6000
 Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000
 Copyright 2010 Bloomberg Finance L.P. SN 461044 6677-295-3 21-Oct-2010 09:57:05

Sell – Du Pont

EquityGP

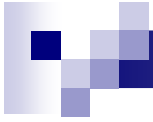
DD US \$ Mkt 42.33/47.28 1x4 DELAYED Prev 47.08

DD US EQUITY Advanced Hide GP - Line Chart Page 1/13

Range 10/21/08 - 10/20/10 Upper Trade Line Mov. Avgs Currency USD

Period Daily Lower None Mov. Avg Events





Implementation



Portfolio Implementation

- Fund managers are responsible for executing equity trades
- Pre trade verification by the team
- Extensive use of trading limits e.g. % of volume
- Post trade verification by back office



Measuring dealing effectiveness

- Execution comparison with limits and/or VWAP
- Monthly internal audit by the Bloxham compliance department
- Semi annual and annual external audit by Oakley Investment Management



Current Portfolio

Current Portfolio - Elite Bloxham Global Equity Income Fund

30th June 2011

Stock Number	Stock weights	Holding period
50 to 70	1% to 6%	2 to 3 years

Tracking error Range	Fund Objective
5% to 7%	To offer clients a high and growing income with medium term capital growth by investing in quality companies globally.

Stock	Weight
BHP Billiton	3.69%
Royal Dutch Shell	3.26%
UPS	3.16%
Siemens	3.07%
Exxon Mobil	2.95%
Eaton Corp	2.88%
Vodafone	2.76%
Repsol	2.52%
HSBC	2.45%
Vinci	2.43%

Sector	Weight
Industrial	20.6%
Consumer, Non-cyclical	18.1%
Energy	13.7%
Financial	13.5%
Cash	9.0%
Technology	7.6%
Basic Materials	7.6%
Communications	4.6%
Diversified	3.1%
Consumer, Cyclical	2.2%

Market Cap (STG)	Weight
10bn +	88%
5bn – 10bn	8%
1bn – 5bn	4%
<1bn	0%

Current Portfolio – Elite Bloxham Global Equity Income Fund

30th June 2011

No of Stocks	Current Prospective Yield	Payment Dates
50	3.6%	Last day of April and August

Initial Charge and AMC	Launch date and first investment date
5% Initial 1.5% AMC	Launch Date: 14 th April 2008 <u>First Investment Date: 21st April 2008</u>

Country	Weight
United States	28.14%
UK	16.24%
France	10.08%
Germany	7.30%
Holland	5.27%
China & Hong Kong	5.25%
Switzerland	3.79%
Australia	2.96%
Spain	2.52%
Japan	2.37%

Senior Fund Managers	Years
Pramit Ghose	25
Bernard Murphy	37
Des Flood	25
Paul O' Brien	10
Senior Consultant	Years
Graham O' Neill	27



When does the strategy outperform/ underperform

- The strategy is expected to outperform in flat to modestly rising markets and negative markets
- The strategy is expected to underperform strongly rising markets



What differentiates Bloxham

- Independent specialist boutique
- Fund Manager has ten years experience in managing Global Equity Income Funds
- Sole focus on Global Equities
- Euro 600m under management in Global Equity Income
- Proven Investment Process over time
- Two highly successful proprietary Models that operate within the Investment Process
- Strong well resourced team of 12
- No capacity constraints
- Eight year plus successful track record



Contact

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Disclaimer

Warning: Past performance is not a reliable indicator of future performance. The value of investments and the level of income from them may go down as well as up and an investor may not get back the amount originally invested. Returns may increase or decrease as a result of currency fluctuations and general market trends.

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