



A DAVID ANDREWS MEDIA RELEASE

BLOXHAM

P R E S S   R E L E A S E

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**Bloxham                      Midas                      Global**  
**Absolute Return Fund unveils**  
**counter-volatility strategy to**  
**combat                      potential                      market**  
**turbulence**



- Up to 100 % cash position if necessary to combat volatility.
- Target minimum return of 8% to 10% per annum with volatility < 35% of the market.
- AMC 1.5% Retail share class (rebate 0.75%), AMC 0.75% Institutional Share Class.
- ***If hurdle rate not achieved = AMC rebate 0.5% and no performance fee.***

**Kevin McConnell, Fund Manager of Bloxham's Midas Global Absolute Return UCITS iii Fund**, today reveals key strategies designed to fight liquidity difficulties in the market going forward into 2011.

"Our portfolio can go up to 100% in cash when markets are highly volatile and uncertain," said McConnell.

"Over 2010 we have seen high positive correlation between stocks making it a very dangerous market-place generally - and one where many long/short equity absolute return funds have struggled.

"We believe this newer strategy will provide consistent absolute returns with lower volatility, as it can identify trends long before other established techniques and take advantage of overbought/oversold stocks globally," he added.

**Bloxham's Midas Global Absolute Return Fund** is based on a proprietary 'Midas' model developed in-house since 2002 by Kevin McConnell and his team.

Today the model analyses stocks in a very advanced, technical screening mechanism that has been 'bomb proofed' through the crash of the past few years. This screening mechanism provides a daily shortlist of stocks that give us high levels of conviction.

"Stocks tend to fall into three areas," said McConnell.

"Oscillation, where stocks tend to trade in a range and become overbought or oversold, secondly, where stocks break into trend on an upside or downside basis, and thirdly, where stocks are in confusion.

"The model has evolved since 2002, designed to be able to identify stocks in oscillation (overbought or oversold) and stocks going into positive and negative trend," he said.

"This is very powerful although the strategy is not 'black box' in that the Bloxham team is very macro aware of the big events happening in the market-place.

“Rather, we would prefer to describe it as having a human macro overlay on a highly technical driven underlying strategy. The stock selections come from the proprietary ‘Midas’ model but the sanity check or overlay is the human intervention and experience that allows us to mix the portfolio to best suit the market conditions we are currently dealing with”.

**Strategic Overview:**

<ul style="list-style-type: none"><li>• When deciding to invest in a stock the ‘Midas’ proprietary model contains very clear back-tested information. If stocks enter a particular oscillation phase we know how successful that stock has been trading at in the past 10+ years.</li></ul>
<ul style="list-style-type: none"><li>• Bloxham attempts to take advantage of effectively the reoccurrence of the natural state of the stock position within our trading.</li></ul>
<ul style="list-style-type: none"><li>• When a stock is in positive trend we will exit the stock when the trend starts to break down (and look for the next opportunity).</li></ul>
<ul style="list-style-type: none"><li>• When a stock is in negative trend we will short the stock but again exit when the negative trend starts to break down. Clear back-tested information provides us with high conviction when entering a trade or exiting.</li></ul>
<ul style="list-style-type: none"><li>• The Midas proprietary model also provides a clear and transparent view of both the overall market as well as super-sectors and sub-sectors.</li></ul>
<ul style="list-style-type: none"><li>• The market is divided into five super-sectors, namely: Defensives, Financials, Technology, early Cyclical and late Cyclical.</li></ul>
<ul style="list-style-type: none"><li>• There are 24 sub sectors in total. This Midas market ‘view’ highlights the percentage of stocks in positive trend, negative trend, overbought or oversold and helps to ‘back up’ the stock signals we are getting from the</li></ul>

model each day.
<ul style="list-style-type: none"> <li>• It is also important in detecting which parts of the market are in leadership at any point in time. If the trend is into defensives this will give us a good indication of the overall appetite for risk in the market and we would generally take a retreating position on this basis.</li> </ul>
<ul style="list-style-type: none"> <li>• So our analysis of different super-sectors in the market whether it be defensives, financials through to cyclicals, is done by a stock by stock level and then built all the way out to an overall sectoral and market view</li> </ul>

In terms of its test portfolio performance and 'live' performance, Bloxham has returned around 28% since June 2009.

"This was achieved with an average cash position of over 40% with volatility at one third of the market," said McConnell.

"Out of 16 months returns we have had 14 positive months and 2 negative months. The biggest drawdown was 1.1% in March 2010. The market conditions however had been very conducive to our strategy. Our key targets going forward are to:

- Return 8% to 10% per annum
- Volatility – a third of the market
- Turnover likely to be 15+ times

"Our view going forward is that we are likely to see continued high stock correlations within the market and generally a fairly choppy environment for equities. This will present us with good trading opportunities. However there will be times when uncertainty and volatility will be high in the markets and this will prompt us to increase cash positions in the fund.

***Bloxham Midas Global Absolute Return Fund***

- UCITS iii Fund

- Euro share classes launched on October 1<sup>st</sup> 2010
- Sterling share classes to be launched upon receipt of FSA authorisation
- AMC 1.5% Retail share class; AMC 0.75% Institutional share class
- Rebate up to 1%.
- Hurdle rate 3% (net of fees)
- If hurdle rate not achieved, 0.5% AMC rebate to Fund
- No initial charge
- Performance fee 10% (over hurdle rate)
- Daily dealing

**Further information:**

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