

CASH MANAGEMENT GBP QUARTERLY UPDATE



EPIC Asset
Management Limited

July 2009 | Issue 1

Setting the Scene...

EPIC Asset Management (EPAM) is an established yet forward thinking asset management company with a highly successful team of investment specialists. We offer clients a range of high performance, often innovative, bespoke investment solutions include financial products that aim to generate significant extra returns for investors. EPAM has been successfully managing cash reserves for clients around the world since its foundation in 2001. EPAM currently manages cash and bond portfolios, in all major currencies, totalling over £3 billion, with all of our clients seeking similar objectives – security, liquidity and enhanced income.

Market Commentary

Over the past three months, the BoE has kept rates on hold and reiterated its belief in the quantitative easing program. The BoE has shown that it is able to continue to set policy within an environment of benign inflation dynamics. There continues to be a dichotomy in economic data, with many official numbers continuing to deteriorate but survey-based measures demonstrating a notable increase in optimism. Meanwhile, financial markets continue to show some willingness to take on risk.

With economic performance remaining soft, evidence of an improvement in confidence continues to build and this paves the way for a gradual return to normality. Suggestions of recovery in the property market, together with stronger equity markets and some apparent need for firms to begin restocking their inventories

should ultimately help to lift the economy out of recession. This should not, however, be interpreted as meaning that interest rates will be raised in the near future. Any sustained recovery will first witness the withdrawal of emergency 'quantitative easing' measures before rates are tightened, and with inflation a rather distant threat, policy-makers will be able to wait until the remaining fragilities both in the financial system and the real economy are much more firmly on the mend before withdrawing stimulus.

Over the past 6 weeks, Money Market levels have been steadily falling with 3 month Libor now under 1.00%. These levels fall outside of what the market had previously predicted and the expectations of Base Rates increasing from Q4 2009, now seem less likely.

Economic Calendar (GBP)

Date	Event
08 Jul	Nationwide Consumer Confidence
09 Jul	BoE Announces Rates
14 Jul	BRC June Retail Sales Monitor
22 Jul	MPC Minutes
23 Jul	Retail Sales (MoM)
24 Jul	GDP (MoM and YoY)
28 Jul	CBI Realised Sales
30 Jul	Nationwide HPI MoM
03 Aug	PMI Manufacturing
05 Aug	Nationwide Consumer Confidence
06 Aug	BoE Announces Rates
10 Aug	BRC June Retail Sales Monitor
12 Aug	BoE Gov King Speaks
12 Aug	BoE Inflation Report
19 Aug	MPC Minutes
20 Aug	Retail Sales (MoM)
24 Aug	Revised GDP (QoQ)
31 Aug	Nationwide HPI MoM
01 Sep	Manufacturing PMI
10 Sep	BoE Announces Rates
23 Sep	MPC Minutes
24 Sep	Retail Sales (MoM)
24 Sep	G20 Meetings
25 Sep	G20 Meetings
01 Oct	Manufacturing PMI





Conferences 2009

Following some new additions to the EPAM team, we have been actively marketing our services to potential new clients.

Thanks to the work of Nigel Davies and Emma Butler, we have an established presence in both the University and Building Society sectors; and attended the British University Finance Directors Group (BUFDG) and the Building Society Association (BSA) annual conferences earlier this year. This was a fantastic opportunity to meet with our existing clients and to introduce potential clients to our specialist services.

In addition to these conferences, we also have exhibited at both the National Housing Federation and the CIPFA annual conference in order to introduce our services to new sectors.

We had a great time at all of the conferences and would like to thank the organisers and the delegates who visited our stands. We would especially like to thank everyone who braved the steps to come and visit us, up on stage, at the BUFDG conference. We understand that for those of you who suffer with vertigo, the experience was quite daunting!



Meet Our Team



Nigel Davies, Director.

Nigel joined EPAM in December 2008, having held similar posts at Singer & Friedlander Investment Management and Tilney Fund Management. Throughout his 30 year career Nigel has specialised in all aspects of treasury business with particular emphasis on the UK and European bond markets. He has managed fixed income and short-term liquidity portfolios for major institutions and advises a large number of building societies on their liquid assets.

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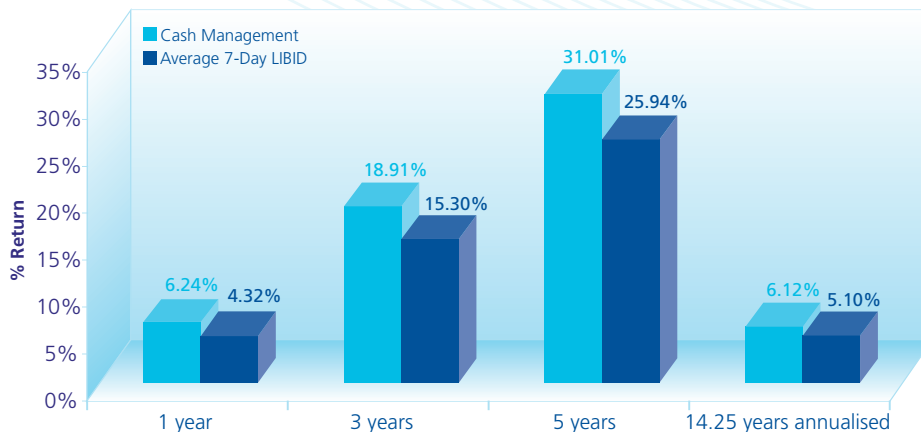
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EPIC Cash Performance Returns to June 2009



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