

Treasury Management and Fixed Income Services

Overview

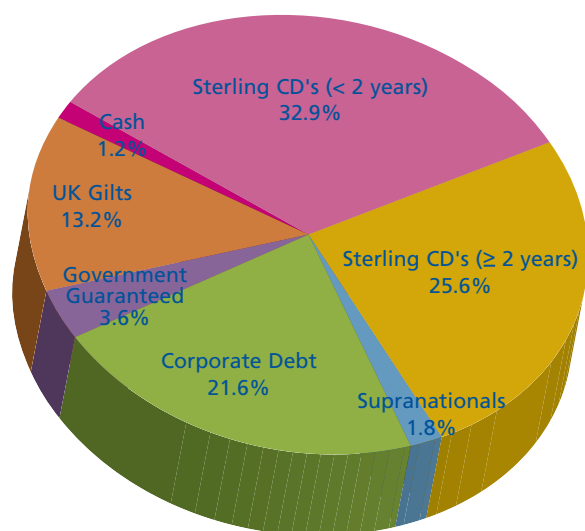
EPIC Asset Management Limited (EPAM) is a fund management company which specialises in Treasury and Fixed Income Management. EPAM has been successfully managing cash reserves for clients around the world since its foundation in 2001 and currently manages cash and bond portfolios in all major currencies for clients seeking similar objectives - security, liquidity and enhanced income.

Our managed service allows clients to maximise returns on surplus cash funds, whilst monitoring credit risk and maintaining a strong liquidity profile. Our historic performance and supportive client references are all indications of our strong capabilities in this area.

The Treasury Management team specialises in the effective management of surplus cash funds, both on a discretionary and an advisory basis, to Institutional Bodies in the UK. Clients include Building Societies, Universities, Charities and Friendly Societies.

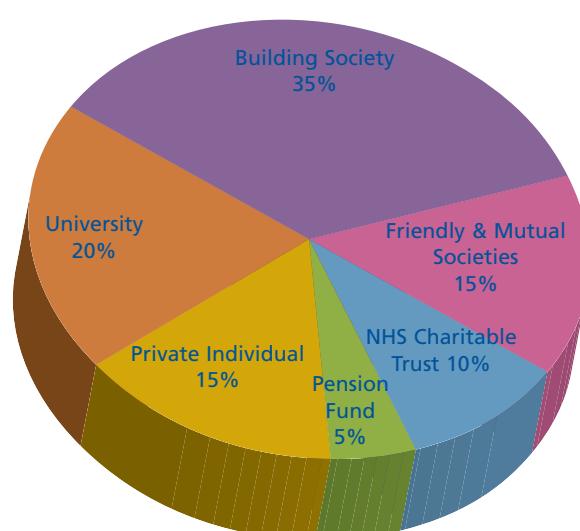
Treasury Management Portfolio Breakdown

AUM by Asset Class (31 March 2011)



Source: EPAM

Client Breakdown by Sector (31 March 2011)



Source: EPAM

Proposition and Philosophy

As active managers, our objective is to distinguish between risk and return and to differentiate value from price. In this way we can identify and manage the impact of both market-specific and security-specific factors, and exploit them to add value across all our clients' portfolios. As capital preservation is at the heart of our philosophy, we strive for consistency of performance as opposed to volatility of returns. We emphasise risk-adjusted rather than relative returns and recognise that out-performance in difficult markets is a prerequisite of a skilful manager.

Unlike many other asset managers, we focus on customised, client-specific investment solutions to meet client-specific investment objectives. Some investors believe that the proliferation of investment industry research results in efficient markets, where value can only be added at the individual security level. However, EPAM's view is that through our quality proprietary research, wide array of models, and qualitative overlay, we can consistently identify the macroeconomic, market and corporate variables that influence returns and risks in the debt markets.

Typical Investments

Please find below the typical investments for GBP Treasury Management & Fixed Income clients.

Fixed Deposits

- Fixed Term
- Non-tradable
- Hold to maturity
- Premium for tie in

Certificates of Deposits

- Issued for a fixed term
- Tradable
- Flexible investments

Gilts

- UK Government Liability issued in Sterling by HM Treasury (AAA rated)
- Offered in a range of maturities from 0 to 55 years
- Completely liquid market
- Lower returns but can be traded with market knowledge to provide enhanced capital returns
- Yield to Maturity (GRY) on purchase is the lowest return that should be achieved

Treasury Bills

- UK Government Liability issued in Sterling by HM Treasury (AAA rated)
- Generally a short term investment, maturities range from 1 month to 6 months
- Completely liquid market
- Issued on a discounted basis

Corporate Debt (subject to client's investment policy)

- Issued by companies
- Ratings vary depending on the issuer
- Liquid market in well rated issues
- Issued at a premium to the underlying Gilt
- Returns can be traded with market knowledge to provide enhanced capital returns
- Yield to Maturity (GRY) on purchase is the lowest return that should be achieved

Other

- Floating Rate Notes (FRN's)
- Subordinated debt

Administration

EPIC Asset Management is not permitted to hold clients' assets and therefore a custodian account will be required. Should you not have a custodian account, we can arrange for one to be set up at our preferred custodian.

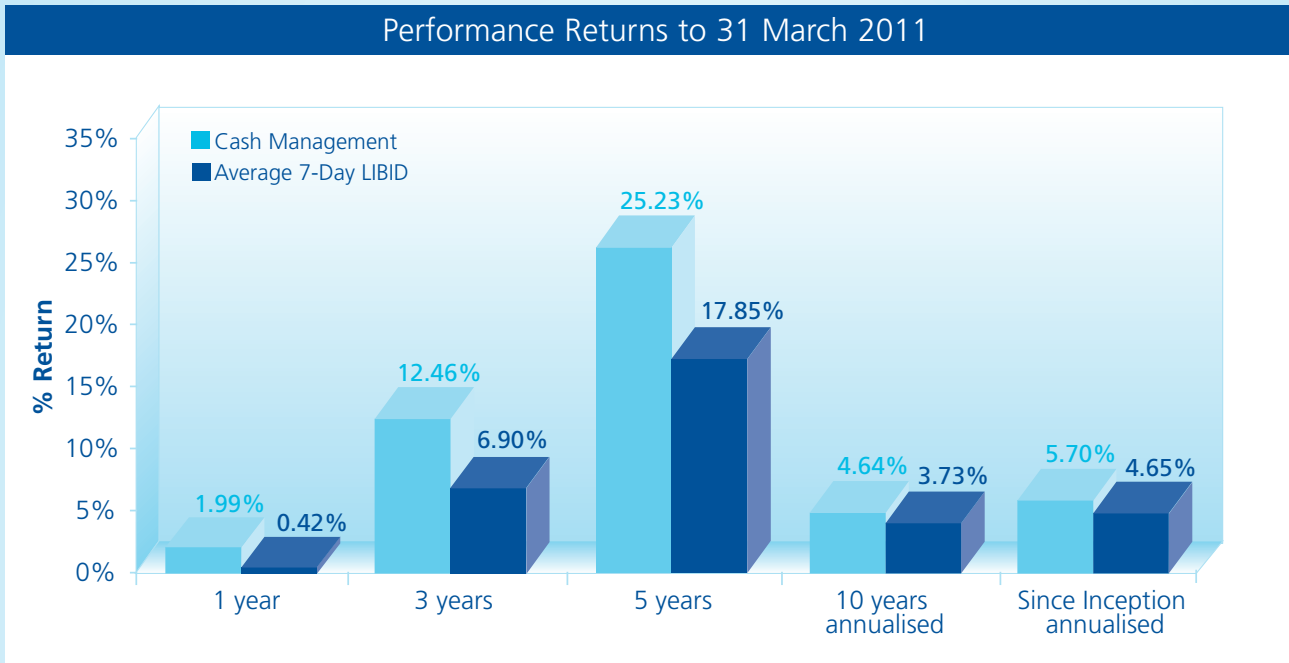
EPAM provides reports to all clients on a monthly basis. The report includes:

- Mark to market valuations
- Cash statement
- Performance
- Fund analysis
- Transactions

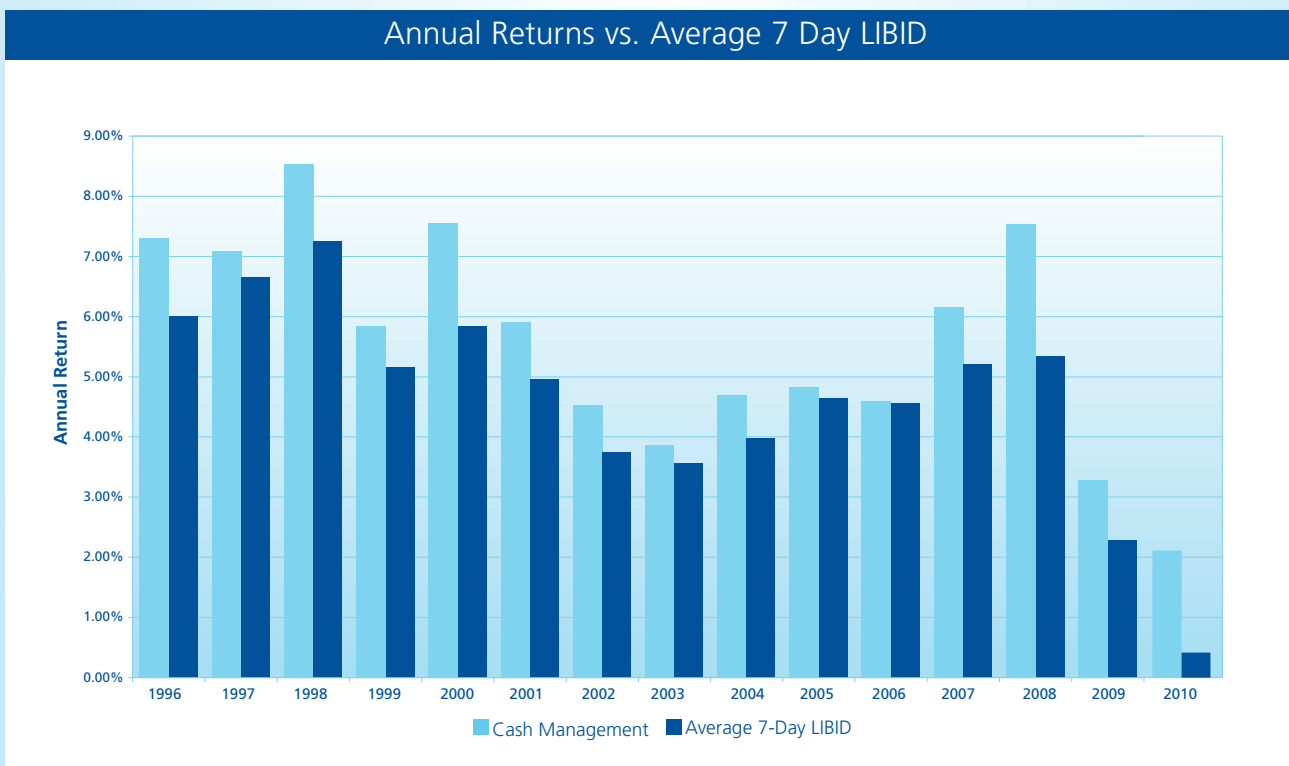
Client relationships are key to making our business a success. We speak to our clients on a regular basis and visit clients at least every 6 months for review meetings. This allows us to constantly evaluate the portfolios performance and to be proactive with changes to the investment policy.

Performance

March's unexpected fall in gilt yields provided an opportunity to take profits for those clients able to reduce their exposure to this sector but going forward we expect there to be more buying activity as gilt yields seem set to rise. Even with the near term possibility of base rate rising it is the longer end of the curve that continues to provide value, so we have looked to add CD's from 1 to 2 years where possible. The corporate bond market remains good value and we have been buying short dated, but well rated stocks at levels significantly above corresponding cash rates. This diversification of assets is providing the enhanced portfolio returns even as yields rise and we expect this to continue over the coming months.



Source: EPAM & Bloomberg



Source: EPAM & Bloomberg

The Team

The Treasury Management and Fixed Income team was formed in December 2008 when Nigel Davies and Emma Butler joined EPAM as Investment Director and Fund Manager respectively. They have been working as a team for 10 years and have over 40 years experience between them.

During their careers, they have worked closely with the building society and university sectors and have very strong client relationships in both of these areas. They also have experience within the housing association, friendly society and charity sectors.



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 number of building societies on their liquid assets.



Emma Butler - Fund Manager

Emma has a BSc honours degree in Economics and is also a Member of the Association of Corporate Treasurers. She has extensive knowledge of the institutional sector, specialising in the management of Fixed Income and Money Market Securities on behalf of such bodies as universities, building societies, friendly societies and local authorities. Emma joined EPAM in January 2009 to enhance their institutional business, having fulfilled similar roles at Tilney Fund Management and Singer & Friedlander Investment Management.



Nigel Marsh – Senior Fund Manager

Before joining EPAM in July 2010, Nigel worked at New Star Asset Management where he was responsible for managing the Institutional fixed interest and liquidity funds. Nigel has gained a wide range of experience and a strong track record for over 10 years in managing both sterling and multi-currency bond mandates from short term cash through to govt., index-linked and corporate bonds. Previous to Nigel's experience in fund management he spent over 20 years working with various investment banks specialising in sterling fixed interest and cash products.



Victoria Oakley – Fund Manager

Victoria comes from a banking background where she specialised in Money Market and FX sales. Victoria joined EPAM in May 2009 to assist with the institutional business and passed the IMC qualification (Investment Management Certificate) so that she could become more involved in the fund management side of the company.

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