



# Treasury Management and Fixed Income Services

## Overview

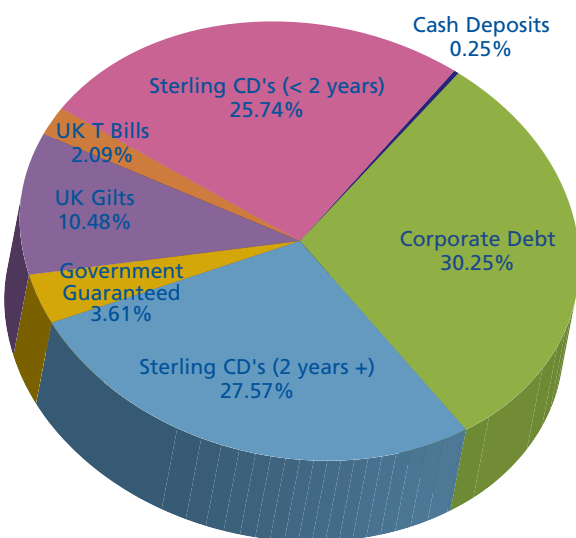
EPIC Asset Management Limited (EPAM) is a fund management company which specialises in Treasury and Fixed Income Management. EPAM has been successfully managing cash reserves for clients around the world since its foundation in 2001 and currently manages cash and bond portfolios in all major currencies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

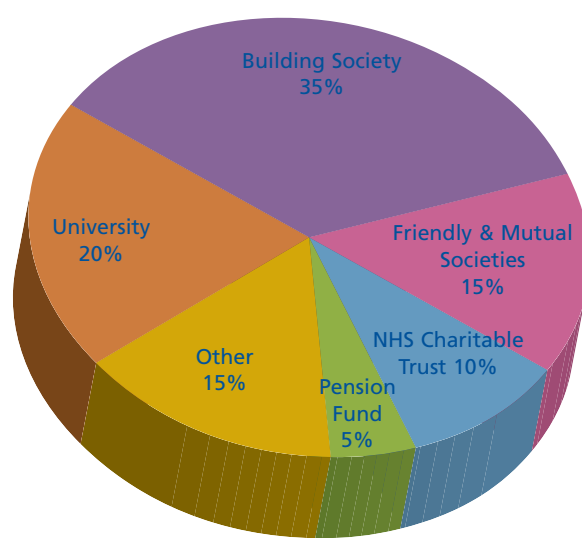
## Treasury Management Portfolio Breakdown

AUM by Asset Class (31 December 2011)



Source: EPAM

Client Breakdown by Sector (31 December 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.

## 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
- Priced at a premium to the underlying reference 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 client assets and therefore a custodian account will be required. Should you not have a custody account, we can facilitate introductions to all the major global custodians.

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

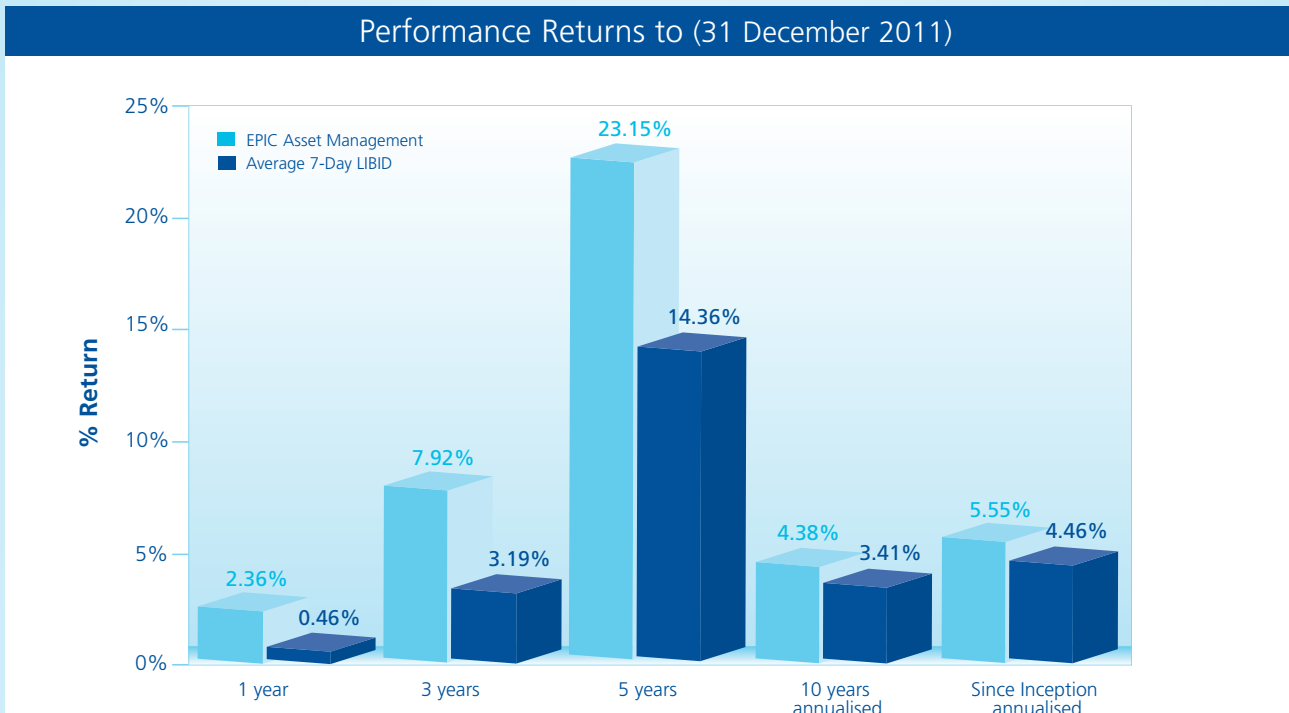
- Mark to market valuations
- Cash statement
- Performance
- Fund analysis
- Transactions

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.

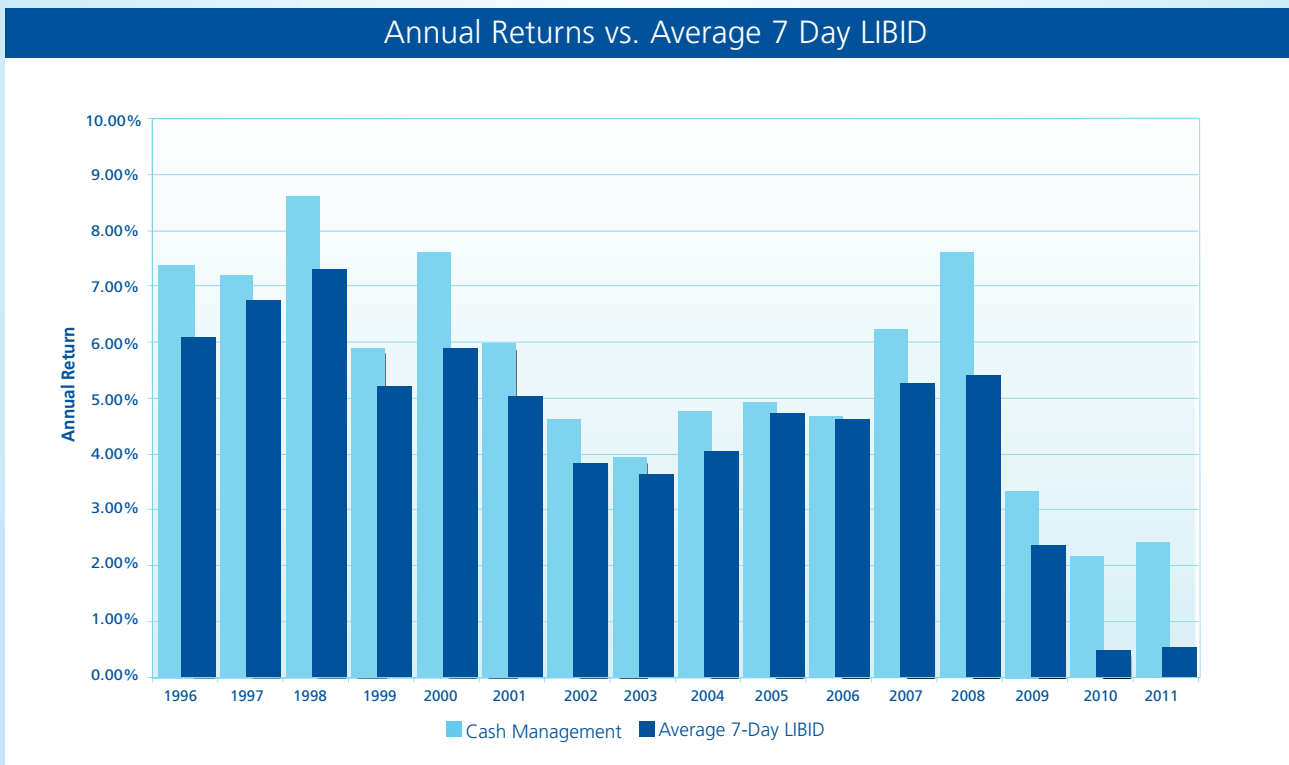
## Performance

Performance returns have been good over what has been another difficult quarter for bank stocks with significant price volatility. Investment activity during the quarter has been focused on taking advantage of yields at the longer end, the 2 and even 3 year period, which have been offering attractive returns given our view that interest rates will remain low for most of 2012.

We have been working on increasing fund running yields by buying 2 year CD's at over 3% and a 3 year CD's at over 4%, when possible. Given the continued decline in Gilt yields there has not been an opportunity to increase exposure in this sector, we will of course continue to look for buying opportunities, but don't think this is likely in the short-term.



Source: EPAM & Bloomberg



Source: EPAM & Bloomberg

This composite is an aggregation of all portfolios managed according to similar investment mandates, objectives or strategies and each are equally weighted

## 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. Nigel and Emma have been working together for over ten years and collectively the team has over 60 years experience within the cash and fixed interest markets.

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.



**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.

## Contact Details

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