



# Treasury Management and Fixed Income Services

## Overview

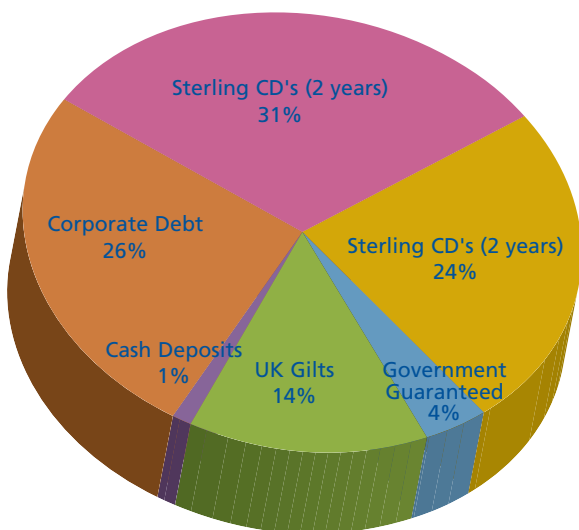
EPIC Asset Management Limited (EPAM) is a fund management company which specialises in Treasury and Fixed Income Management. EPAM has been successfully managing cash reserves for clients around the world since its foundation in 2001 and currently manages cash and bond portfolios in all major currencies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

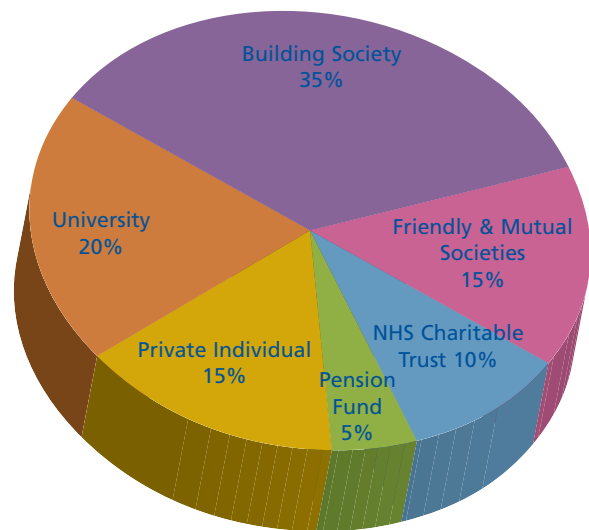
## Treasury Management Portfolio Breakdown

AUM by Asset Class (30 June 2011)



Source: EPAM

Client Breakdown by Sector (30 June 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:

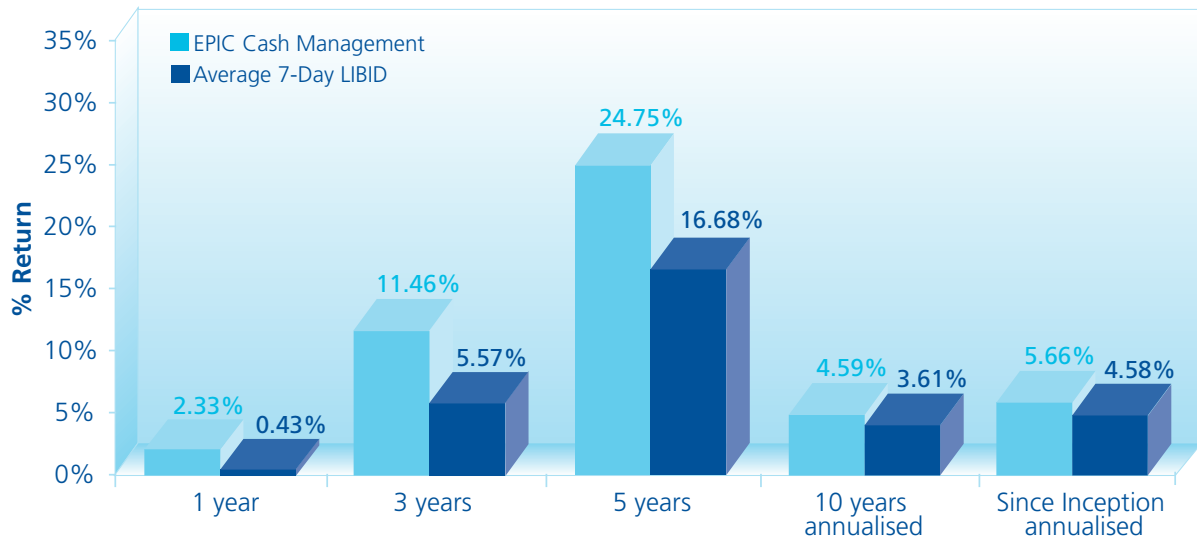
- Mark to market valuations
- Cash statement
- Performance
- Fund analysis
- Transactions

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

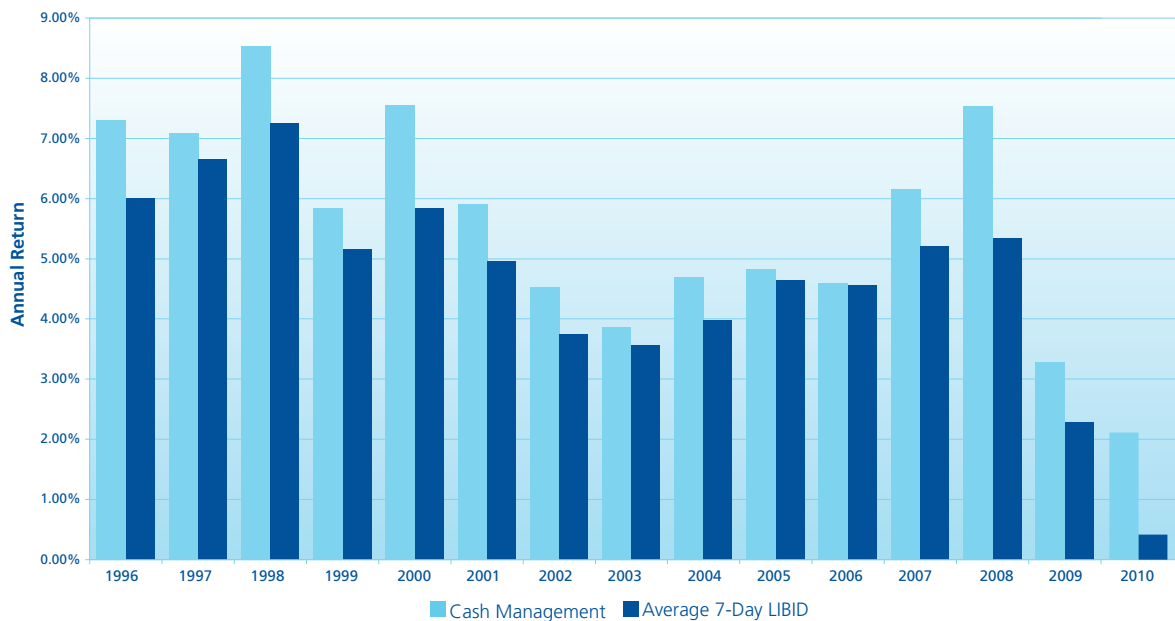
It has been another strong quarter of fund performance pushed up by falling yields. As yields fell we looked to take profits when appropriate but otherwise employed a holding strategy awaiting improved buying opportunities and letting the funds run at the higher yields purchased earlier in the year. Asset allocation has again been key to adding value and we have looked to corporate debt and 2 year CD trades for extra yield given our view that interest rates will not be raised in the near term. As such we expect the strong performance to continue going forward.

### Performance Returns to 30 June 2011



Source: EPAM & Bloomberg

### Annual Returns vs. Average 7 Day LIBID



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. 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.



### 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.

## Contact Details

If you require further information please contact:

### Nigel Davies

Investment Director  
T: 020 7553 2326  
E: nigel.davies@epicip.com

### Emma Butler

Fund Manager  
T: 020 7553 2328  
E: emma.butler@epicip.com

### Nigel Marsh

Senior Fund Manager  
T: 020 7553 2329  
E: nigel.marsh@epicip.com

### Victoria Oakley

Fund Manager  
T: 020 7553 2323  
E: victoria.oakley@epicip.com



**EPIC Asset  
Management Limited**

EPIC Asset Management Limited  
22 Billiter Street, London EC3M 2RY [www.epicip.com](http://www.epicip.com)

## Disclaimer

This document is strictly private and confidential and may not be copied nor its contents passed to any third party without the prior written approval of EPIC Asset Management Limited. This document is directed solely at investors who are not "retail customers" (within the FSA rules) and should not be construed as an offer or solicitation to buy or sell any investment. The value of funds and the income from them may fluctuate and may fall as well as rise. Past performance is not necessarily a guide to future investment returns. Investments may involve foreign currency transactions (i.e. denominated in a currency other than the investor's base currency) and may therefore be subject to fluctuations in currency values and the value of such investments may fall as well as rise. The value of principal and income from a structured investment may fluctuate. The investor may not get back the original amount invested. Simulations based on past performance may not necessarily be a reliable guide to future investment returns from structured investments. The value of structured investments may be affected by changes in economic, financial and political factors, including market conditions, market volatility and the credit quality of the underlying assets of credit portfolios would vary based on the default condition. Structured investments are complex securities. EPIC Asset Management makes no representation that a secondary market for such securities will exist at any time in the future. An investor should have both the ability and intent to hold such investments for a specific period of time. EPIC Asset Management Limited or an affiliated company may have an interest, position or effect transactions in any investment mentioned. Any information contained herein has been obtained from reliable sources but we do not represent that it is accurate or complete. Any opinions or recommendations are those of the author and are subject to change without notice. All information and figures correct at time of printing (July 2011).

EPIC Asset Management Limited is authorised and regulated by the Financial Services Authority and is a subsidiary of EPIC Investment Partners Limited. Registered Office: The Old Treasury, 7a Kings Road, Southsea, Hampshire, PO5 4DJ. Registered in England & Wales No 04195976. EPIC Investment Partners Limited is a subsidiary of Hume Capital LLP which is authorised and regulated by the Financial Services Authority. EPICIP® is a registered trade mark of EPIC Investment Partners Limited. Telephone calls may be recorded.