

Differentiating Factors

Overview

Brooks Macdonald Asset Management (BMAM) is an independent investment boutique specialising in the management of private wealth, family assets, pension funds and trusts.

- * In summary, Brooks Macdonald is a specialist IFA client manager
- * Listed on AIM in March 2005
- * Funds under management (FUM) have grown by 260% (to £1.665bn) in 3 years to 30th Sept 2009.
- * More than 85% of new business generated last year was introduced by IFAs and professional advisers.

Below are listed reasons why we are recommended by independent advisers on a consistent and increasing basis.

Introduction

- * We consider investment in all asset classes, via all investment media, rather than using a generic UK stock-broking model which only looks at cash, equities and fixed interest.
- * We have a strong performance verified by independent means

Investment philosophy

- * We manage both absolute and relative return portfolios
 - Client objectives of LIBOR plus 1 - 3% after charges are accepted
 - More aggressive if required
 - Portfolio stress testing available if required
- * We look to achieve high risk adjusted returns
 - Aim to add value by ensuring portfolios are invested with maximum diversification
- * We are always open to new ideas and opportunities
 - Unlike some of the more traditional houses who have, (until very recently) concentrated on the more traditional asset classes and have been slow to incorporate alternative asset classes.
- * We believe taking a pro-active approach to investment (rather than a re-active one) is crucial to achieving consistently high performance levels
 - c. 15 - 25% of our funds under management are invested in Investment Trusts
 - Via either the primary and / or secondary market
 - c. 10 - 20% of our funds under management are invested in institutional structured products
 - Offering a range of capital protection options – 50% soft protection to 100% hard protection between 3 & 7 years (approx)
 - Geared upside
 - 100% daily liquidity
 - Investments are rarely seen to full term

- The application of these investments changes over time and as a result of market movements, hence their role within the portfolio is a continually evolving process which must be frequently reviewed.
- c. 0 - 10% of our funds under management are invested in Alternative Assets which may include Hedge Funds or Private Equity
 - Non-g geared, multi strategy, low volatility, diversified long term approach with low equity correlation
- Around 35% of our funds under management are invested via traditional unit trusts of which typically 80% will be institutional class
 - Indicating our ability to achieve diversification across investment media as well as asset classes
- c.0 - 15% of our funds under management are invested via direct equities
 - Rather than replicating the benchmark index using direct equities, we will utilise appropriate collective funds for the core exposure and add to this a selection of direct equities that we believe will enhance performance and add value.
- * Our size offers us the opportunity to manoeuvre more nimbly between investment opportunities.
 - Actively partaking in New Issues and Placings (regularly between £50m and £100m issues) where we will consider these will add value.
 - Arbitraging between open and closed end collectives to take advantage of situation where we consider there to be pricing anomalies.
- * Our investment managers take responsibility for research
 - The interests of the research resource are aligned with those of the end user (investment managers)
 - Incentive to provide positive recommendations that add value
 - Results in a steady flow of new ideas contributing to achieving our goals of high risk adjusted returns
 - The traditional model rewards a passive attitude to research where little incentive is provided to add value

Empirical evidence

- * 75% of new business introduced by discerning independent intermediaries
- * Short-listed for PAM awards best defensive portfolio performance 2007
- * c.50% FUM invested via SIPPs.
- * BMAM are a founding contributor to the Private Client Indices (PCI)
 - The PCI provides an indication of relative performance for comparative purposes based on real client data (from 250,000 clients of 20 investment houses) rather than spurious model portfolios.
 - This is a first for the Private Client industry and an important step forward.
 - Demonstrates commitment to the private client side of the investment industry
 - BMAM have excellent comparative performance vs. peers

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