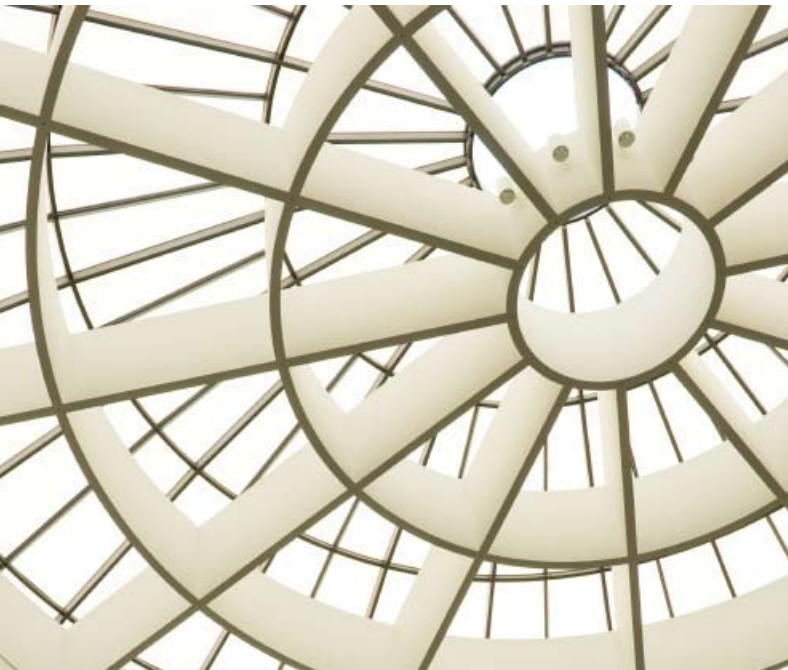




**OLIM**  
Investment Managers

OLIM is a **specialist fund management** company founded in 1986.



OLIM offers a bespoke investment service to clients on a discretionary basis. We manage a range of portfolios with a variety of asset allocation mixes. Each portfolio is tailored to the client's needs. Our distinctive investment process has delivered strong long term performance to our clients.

### Who we are

OLIM is a specialist fund management company formed in 1986 by Matthew Oakeshott and Angela Lascelles. They have since been joined by two successful portfolio managers who share the same investment philosophy: Andrew Impey and Simon Jaffé. The investment team has an average of more than 20 years experience each.

We specialise in investing in two areas of the market: UK equities and fixed income. We also manage a number of balanced mandates which include overseas equities and international bonds in their asset mix. We have a range of clients including charities, pension funds and private clients. We also offer a unit trust, CF OLIM Equity Trust, for retail investors. Our investment trust, Value and Income Trust, is suitable for both retail and institutional investors. Finally we offer a common investment fund, the Charity Value and Income Fund, specifically designed for smaller charities.

OLIM's **value-oriented** investment process has driven superior investment performance.



### Why invest with OLIM?

OLIM has a number of principles that differentiate our approach from other managers. From a corporate perspective we are solely focused on investment management with no conflicting business interests. Our portfolio managers focus on managing clients' funds unimpeded by the bureaucracy that typifies larger investment houses. This also means that clients have direct access to the investment team. Direct contact with our clients is important to us, as our service is based on a close understanding of our clients' requirements. We outsource much of our administration and that which remains is essential and efficient. We always seek to combine superior service with a low cost of delivery.

Our investment principles underpin a rigorous investment process based on the concepts of 'value' and 'income'. We focus on investing in companies where the share price does not reflect the underlying value of the business. Additionally we place great emphasis on selecting those businesses with scope to raise dividend payments over time. Our team meetings focus on portfolio construction and risk control. All portfolios are managed by the same investment team.

### Investment Philosophy

Our approach to investing reflects certain beliefs we have about markets and investor behaviour. Academic research supports many of these propositions while others reflect our own experiences gained over many years of investing. We emphasise the following points to ensure clients understand our investment approach and why we remain consistent to this approach through varying market conditions:

#### Core Beliefs

- Value - we invest where the price does not reflect fair value.
- Size - smaller companies (on average) offer greater growth potential.
- Fundamental - analysis is needed to appraise fair value.
- Independent - we normally avoid current fashion and diverge significantly from the index.
- Patient - we wait until the time is right before investing.
- Long term - we aim to maximise returns by 'letting winners run' and minimising trading costs.

OLIM provides a range of different services/funds. All portfolios benefit from a consistent investment approach whilst being tailored to meet the individual client's needs. We are always keen to talk to potential new clients.



## Investment Process

### Asset Allocation

We tailor each investment mandate to meet your needs. We work with you to determine an appropriate strategic asset mix for your portfolio. We do this by taking into account such things as the timescale for investment and any income requirements.

For long-term investors, we recommend equities as the most suitable core asset, giving protection from inflation and exposure to economic growth. We believe that UK equities should form the bulk of exposure for UK based clients. Additionally we also invest in overseas equities via closed and open ended funds. For clients with significant income requirements and/or a desire to further reduce portfolio volatility we also recommend holding a mixture of government and corporate bonds.

Over time we will also tilt your actual asset allocation to take advantage of investment opportunities as they arise. These decisions reflect our analysis of potential returns based on two factors:

- Economic parameters such as GDP, inflation, interest rates and currency.
- Asset valuations as compared to historical averages and also relative to each other.

### Portfolio Construction

Within UK equities we construct a portfolio of between 30 to 40 stocks consistent with our view on the need for conviction in stock picking. We normally have around 50% invested in small and mid cap stocks and 50% in FTSE 100 stocks. Our portfolios tend to have a higher than average yield compared to the overall index, with some portfolios well above the average. Individual sector weightings reflect our stock selection process. However we do tilt sector weightings in accordance with our macroeconomic views. Each portfolio is regularly reviewed by the investment team.

### Risk Management

We scrutinise risk closely. At the stock level we look for potential flaws in each company's business model and avoid investing in those businesses where we find significant potential weaknesses. At the portfolio level we aim for prudent long term growth in capital rather than minimizing any particular statistical measure of risk. Our portfolios are more diversified than the overall market since we do not normally invest more than 10% in any one sector. To further control portfolio risks we limit initial individual stock holdings to a maximum of 5% (3% in a mid/small cap company) of the portfolio.

### Stock Selection

Our company research focuses on evaluating the strengths and weaknesses of each company's business model. Of key importance to the analysis is the sustainability of operating margins and the drivers to sales growth. In addition we also pay attention to the company's cashflow, balance sheet and potential risks. Based on our research we use a range of valuation tools, including both accounting multiples and discounted cash flow, to estimate fair value for each stock. In practice we find that our investments normally fall under four broad categories:

- Unrecognised growth stocks - these are stocks where we think the market undervalues the long term potential to grow.
- Stable income providers - these are companies with high, and we believe, sustainable dividend yields.
- Recovery/restructuring stocks - these include cyclical businesses on depressed margins as well as companies with scope to improve returns through management action.
- Value anomalies - stocks where the valuations are outstandingly cheap compared to historic levels or the peer group.

## Services and funds

### Segregated Portfolios

Clients with more than £2m to invest can take advantage of our segregated fund management service. You can choose to outsource all of your investment needs to us under a total fund management mandate. In this case we will work with you to define an appropriate asset allocation mix. We also take responsibility for the management of individual holdings. Alternately you can appoint us to manage a portion of your assets under a specialist investment management mandate. Clients choosing this option normally ask for a dedicated UK equity portfolio to gain maximum exposure to our expertise in this area. All segregated clients receive written reports at quarterly intervals. We will also meet you regularly to discuss the progress of your fund and future investment policy.

### Value and Income Trust

The Value and Income Trust plc is unique amongst investment trusts by investing in both UK equities and direct property. OLIM has successfully managed the company since it's restructuring in 1986.

### CF OLIM UK Equity Trust

Our unit trust offers retail investors the opportunity to benefit from our specialised investment approach in UK equities. The portfolio aims to achieve long term capital growth as well as an income level at least 10% above that of the FTSE All Share before expenses. The minimum investment is £1000. The fund has no initial charge and no exit or redemption penalties. The annual management charge (and total expense ratio) is 1.5%, falling to 1.25% on assets above £10m. Investments can be made in the fund through either income or accumulation units.

### Charity Value and Income Fund

This is our common investment fund aimed at smaller charities. As with our unit trust this portfolio focuses on investing in UK equities, with a target yield 33% higher than the FTSE All Share Index. The annual management charge is 0.5% in line with our segregated portfolios. Investments can be made in the fund through either income or accumulation units.



# Adminstration

## Reporting

We provide written reports at quarterly intervals. Your report provides a portfolio valuation, a summary of transactions undertaken and our investment outlook. We are also pleased to meet you regularly to discuss the progress of your fund and future investment policy.

## Custody

We provide all clients with efficient administration. OLIM does not undertake the physical handling of clients' cash and securities or delivery and safe custody of shares or collection of dividends. We believe these functions are best performed by the specialist departments of banks acting under our supervision. These arrangements enhance the security of your assets.

## Fees for Segregated funds

Our basic fee structure is fully transparent. The fee is calculated on the market value of the portfolio under our management:

- 0.5% per annum +VAT.
- Minimum fee of £10,000 +VAT.
- Minimum size £2m.



# OLIM

Investment Managers



OLIM has delivered an outstanding investment record as demonstrated in our performance track record. We would be delighted to discuss our services and investment approach in greater detail and very much look forward to an opportunity to do this.

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