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WAY CHARTERIS GOLD PORTFOLIO FUND

REQUEST FOR PROPOSAL RESPONSE  
June 2011

Fund Manager/ Due Diligence Questionnaire

For questions or more information please contact:

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Way Charteris Gold Fund

**Charteris Treasury Portfolio Managers Limited** Registered Office: 8/9 Lovat Lane, London, EC3R 8DW –  
Registered No. 1830771 (England).

*Charteris Treasury Portfolio Managers Limited is Authorised and Regulated by the Financial Services Authority*

## 1. **BASIC INFORMATION**

### 1.1 **When was the Fund launched?**

February 2010 – first month offer period – Management commenced 1<sup>st</sup> March 2010

### 1.2 **What is the Fund's investment process?**

The majority (approx 70%) of the *WAY Charteris Gold Fund* will be invested directly in "blue chip" gold mining companies with market capitalisation in excess of \$2bn. Some 30% will be in mid-cap/smaller gold mining companies with a market capitalisation below \$2bn. A large proportion of the investments will be in US, Canadian and Australian companies.

### 1.3 **What is the Fund's investment strategy?**

The Fund seeks to outperform the XAU index converted into sterling through a combination of active stock selection. It also seeks to provide capital growth through investment in a diversified portfolio of shares in companies whose core business is involved in the mining, refining, production and marketing of gold.

### 1.4 **Provide details of the types of units available and SEDOL codes**

Share class	SEDOL	ISIN	Bloomberg Ticker
Elite R Inc	B600VY2	GB00B600VY23	WCHGERI LN
Elite R Acc	B3NGYG9	GB00B3NGYG95	WCHGERA LN
Elite I Inc	B3ND2W2	GB00B3ND2W21	WCHGEII LN
Elite I Acc	B3PSGY5	GB00B3PSGY57	WCHGEIA LN

### 1.5 **What is the current size of the Fund?**

£19.7m (as at end May 2011)

### 1.6 **Over the past three months how do the sales and redemptions compare?**

The Fund has grown from £17m to £19m in the last three months. Minimal redemptions have taken place.

### 1.7 **What percentage of sales has typically come from investment advisers?**

approximately 20-30%%

### 1.8 **What percentage of the Fund do top ten unit holders hold?**

Approximately 60%

**1.9 Provide details of the current charges levied on the Fund (initial and AMC) and the total expense ratio. Do you propose to review these within the next 12 months?**

A	Retail:	5¼% initial commission 1.75% AMC 1.9% TER (Total Expense ratio)*
B	Institutional	Below initial charge 1.0% AMC 1.15% TER (Total Expense ratio)*

\*as at May 2011

Currently there are no plans to review these charges in the next 12 months. The total expense ratios quoted above are subject to change as the size of the Fund fluctuates due to market movement and net inflows / outflows.

**1.10 Provide details of current yield and distribution dates.**

Distribution: Semi-Annual — 31 May and annually — 30 November

**1.11 What is the legal structure of your Fund? Can it invest in other Funds and to what proportion?**

UK regulated NURS – can invest up to 10% of the Fund in ETF's.

**1.12 Contact details; e-mail address, direct dial telephone number of primary manager:**

Ian Williams  
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[iw@charteris.co.uk](mailto:iw@charteris.co.uk)

**2. FUND MANAGEMENT TEAM**

**2.1 Name the lead Fund manager. When was he appointed?**

Ian Williams Chartered FCSI (Fellow of the Chartered Securities Institute)

Ian has spent the last 35 years as a specialist in Equity and Fixed Income markets, covering sales, research, market making and proprietary trading. He was a member of the LSE (London Stock Exchange) for many years before joining Chase Manhattan Bank (now JP Morgan). He subsequently worked for Dresdner Kleinwort Benson & Guinness Mahon (now Investec) before becoming Chairman & CEO of Charteris Treasury Portfolio Managers (CTPM).

(CityWire A-rated & Trustnet Alpha Manager) Ian is currently the Fund manager of the *Elite Charteris Premium Income Fund* and the manager of the *City Financial Strategic Gilt Fund*. In addition, Ian is now also the manager of the *WAY Charteris Gold Portfolio Fund*.

**2.2 Name the person who would run the Fund in his absence and comment on the individual's responsibility on an ongoing basis.**

Nicholas Taylor, Chartered FCSI, Fund Manager / Director

Nicholas Taylor has 38 years of international investment management experience: at Morgan Grenfell, Samuel Montagu; at INVESCO IMI where he was Head of Institutional Investment Management; at Cigna International Advisors where he was Managing Director; and at Matheson Investment Management. An award-winning manager, Nicholas has run portfolios for a broad range of investors, including institutional pension Funds, private clients and investment trusts. Nicholas is a Chartered Fellow of the Securities Institute.

**2.3 Are there any plans to enhance or restructure the team within the next 12 months?**

No

**2.4 How is the team remunerated and when do any packages fall due to re-negotiation.**

The team receives an annual salary; pay is appraised annually.

**3. INVESTMENT PROCESS**

**3.1 Detail the investment process and sell disciplines employed by the team, paying particular attention to macro-economic input, quantitative screening and qualitative factors considered. For example, in respect of quant's, what measures do you pay particular attention to and why?**

The investment style is to take advantage of relative valuation opportunities in global Gold markets judiciously adjusting the composition of the portfolio while maintaining a view on the benchmark (unofficial).

First, the portfolio management team updates its view of the global economic situation by analysing a number of Fundamental, cyclical, and technical factors:

*Fundamental*

- Underlying Global economic, current & forecast, economic data
- Movements in other global markets
- Global Central Bank policy
- Inflation/growth expectations
- Valuations and yields in other asset classes (e.g.: equities and bonds)

### *Cyclical*

- Three-month futures or option expiry behaviour in Gold
- Seasonal patterns in the market
- Major and intermediate time cycles in the Gold market

### *Technical*

- Primary market trend analysis and interpretation
- Analysis of 'oversold' conditions

After the management team has identified where it believes the most value lies in the market, it has at its disposal a set of investment management techniques that in the proper combination can help to enhance Fund performance.

### **3.2 To what extent is any Fundamental research undertaken proprietary? How much use do you make of broker contacts?**

Both in-house proprietary research and research provided by specialist stockbrokers used to assist in informing the Fund manager's view of the market.

A select group of brokers and analysts are used and consulted on a continual basis;

### **3.3 How is the overall structure of the portfolio determined and who makes the decision?**

1. Analysis of the gold market using Fundamental, cyclical and technical factors.
2. Stocks are selected through on an analysis of the market and how they relate to the overall investment objective of the Fund.
3. The named Fund manager, Ian Williams, along with Nicholas Taylor, are responsible for investment decisions.

## **4. RISK MANAGEMENT**

### **4.1 Detail any restrictions applied at stock and sector levels.**

#### *Cash*

Treated as an asset class when appropriate

#### *Holding sizes*

No limits other than those prescribed by NURS/UCITS III rules

#### *Number of holdings*

45-60

#### *Small capitalisation companies*

Up to 30% of Funds approx.

*Industry exposure*

Gold

*Country exposure*

Canada, US, UK, Australia

*Unapproved securities*

No

*Warrants*

Kinross Warrants have been bought for the Fund

*Derivatives*

None

*Collective investment schemes*

Possible to own 10% in a Gold ETF

*Uncalled commitments*

None

*Underwriting*

None

**4.2 How many stocks will the Fund normally hold, and is this a function of risk management?**

Between 45 and 60

**4.3 Is the portfolio monitored by individuals who are not directly associated with its construction?**

Yes, in WAY's role as ACD, compliance, oversight, apportionment, and investment Management responsibilities reside with the company. Through its investment management sub-advisory agreement with Charteris Treasury Portfolio Managers, the portfolio management team manages the investments within the constraints of the Fund's prospectus, its mandate, and NURS/UCITS III.

**4.4 Provide details of how the team and the group aim to control risk within the portfolio.**

Non-leveraged diversified exposure to Gold & Gold shares

**4.5 Detail who values the Fund? Is a third party involved in this process? Who are the administrators? Who are the Funds auditors? How frequently is the Fund audited?**

Yes, a number of third parties are involved in this process:

ACD – WAY Fund Managers Ltd  
Admin – Share Funds Ltd  
Custodian – State Street Bank & Trust  
Auditors – Grant Thornton UK Ltd

## 5. **PERFORMANCE AND OUTLOOK**

### 5.1 **Does the Fund have a specific performance objective?**

There is no official performance objective detailed in the Fund's prospectus; however, the Fund manager does aim to offer a superior risk adjusted return over that of a passive holding of Gold.

### 5.2 **What factors have contributed most to the performance of the Fund over the past 3 months?**

Stock selection

### 5.3 **How well do you think that the Fund is currently placed given your outlook for the market over the next 6 months?**

The Fund is placed to benefit from a rise in the price of Gold.

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Registered and head office: 8/9 Lovat Lane, London, EC3R 8DW, 0207 220 9780

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