



CHARTERIS TREASURY PORTFOLIO MANAGERS LTD

Elite Charteris Premium Income Fund

November 2011

CHARTERIS TREASURY PORTFOLIO MANAGERS IS AUTHORISED AND REGULATED BY THE *FINANCIAL SERVICES AUTHORITY* (FSA)





CHARTERIS TREASURY PORTFOLIO MANAGERS LTD

Charteris Treasury Portfolio Managers was established in 1984 as an Investment Management Company. Charteris is fully licensed by the Financial Services Authority.

The investment team have in aggregate over 100 years experience of global financial markets. Bespoke portfolio management services

Funds under management

- a. Private Clients
- b. Personal Pension Funds (SIPPS & ISA's)
- c. The **Top** Performing UK Gilt Fund calendar year 2007 & 2009*
- d. Consistent **Top Quartile (07/08/09/10*)** for the *Elite Charteris Premium Income Fund* in the IMA UK Equity Income Sector Morningstar **4* rated** Fund & Trustnet Triple Crown Rated
- e. Available on the web (www.charteris.co.uk), Facebook. Twitter and LinkedIn.

Charteris is Regulated by FSA – Low Risk Category





ELITE CHARTERIS PREMIUM INCOME FUND

- CityWire 'A' rated Manager & Trustnet Alpha Manager – Ian Williams



- Top Quartile performance Calendar Year 07/08/09/10*

*(Source Lipper and Professional Adviser)

- Outperformed FTSE 100 by 3.61% in 2009*

*(Source Bloomberg)

- Outperformed FTSE 100 by 7.86% in 2010*

*(Source Bloomberg)

- Target dividend yield 6-7%

- Actual Dividend yield for 2011 – 6.8%



The Fund – Bullet Points

1. Only invests in FTSE 100 stocks (or cash up to 20%)
2. Targets growth stocks within the FTSE 100, not traditional income stocks which tend to be dullards
3. Tops up the dividends received by writing covered call options
4. Looks to write options for only 4 months approx out of 12 months in any calendar year – leaving the fund unencumbered by options for 8 months approx of the year & thus free to make potential capital gains as well
5. Since CTPM took over the Fund in October 2008, the Fund is up 64.67% total return versus FTSE 100 42.01% total return (*source Bloomberg*) (31st Oct 2008 – 31st Oct 2011)
6. UK onshore Unit Trust – Daily Valuations & daily dealing
7. State Street Bank is custodian
WAY is ACD
Grant Thornton is Auditor



Investment Process

3-5 year cycle – Key Themes in UK & Global Economy
6-9 month cycle – Inflation forecast & UK Growth Expectations

Cycle Analysis
drives Top Down
View

Ian Williams



PORTFOLIO

Nicholas Taylor

Company
Research



Covered Call
Options

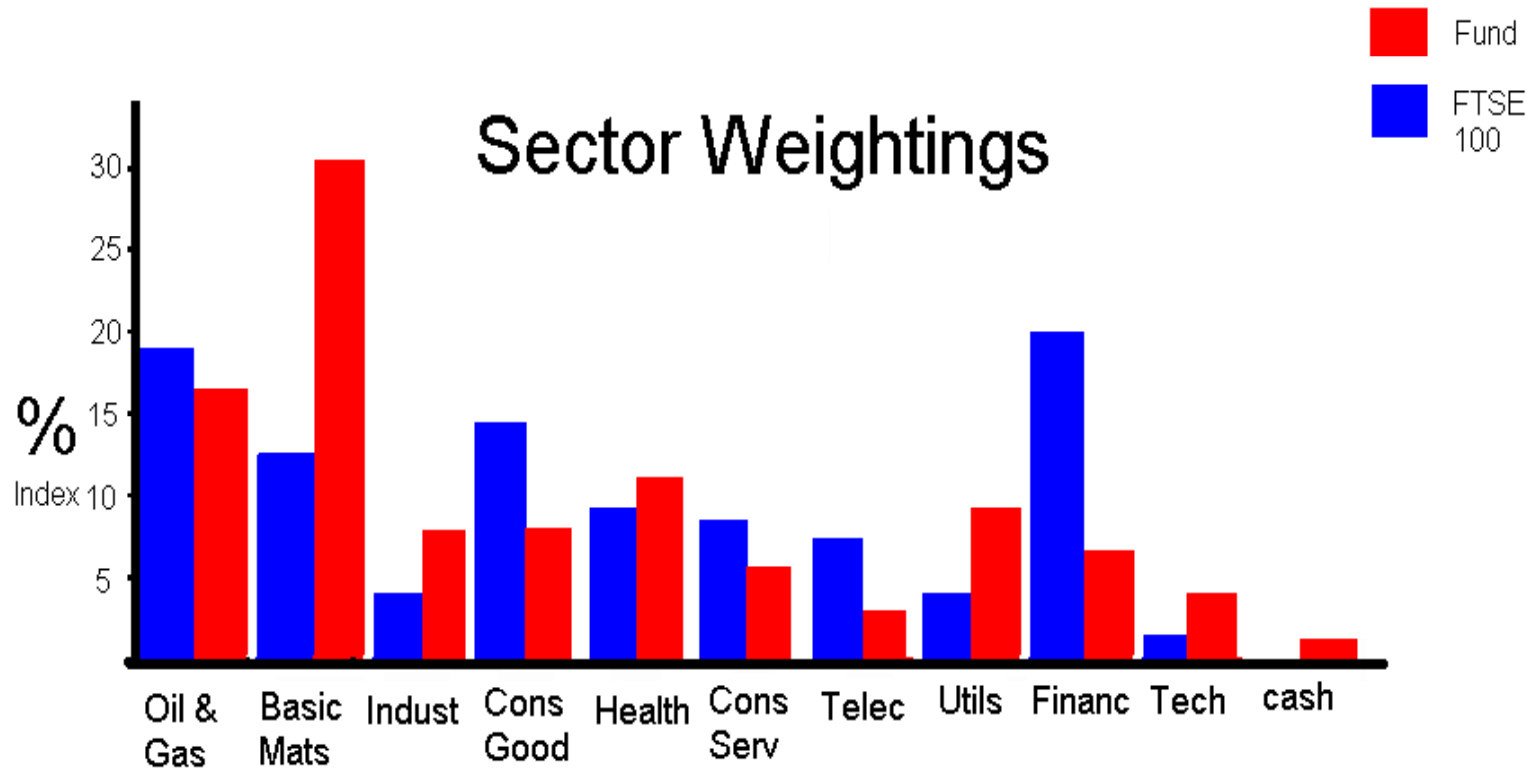
Ian Williams

Covered call options selectively written on various stock positions
Option series selected for best premium/total return balance.
Individual stock selection of the core portfolio of paramount importance.
No uncovered options



Specific – Stock Selection Examples

- Some sectors of the FTSE 100 totally excluded – e.g. Property
- No BP or Shell. Oil exposure through BG, Cairn, Petrofac & Tullow.
- No Non-Food Retail shares such as Marks & Spencer's or Next
- Banking Exposure via Standard & Chartered. No holdings in Lloyds, RBS or Barclays
- Telecom exposure via Vodafone – no holdings in BT
- No holdings in British Airways (now Intl Consol Airways)





Why invest in the Elite Charteris Premium Income Fund?

Potentially boosts the income from a portfolio of FTSE 100 shares enabling the investor to benefit from higher income whilst not necessarily missing out on capital gains.

Income boosted as the premium generated from the writing of call options are added to dividends.

Different to other call option funds because options are only written during periods of the year when certain technical and fundamental investment criteria are met. Many option funds continuously write options and consequently run the risk of missing out on strongly rising markets.

Unlike traditional income funds stock selection is not limited to high yielding stocks and the uncertainty as to whether the dividend will be maintained. The **three month** option premium on higher volatility shares can exceed the **annual** dividend yield on high income low volatility shares i.e. **as at the 17th January 2011 a three month at the money call on Xstrata earns 8.5% against the annual dividend yield on Shell of approx 5%.**



Converting Options into Income

- As dividends can be cut the option proceeds are arguably a more reliable source of income.
- The Fund is always invested in cash or FTSE 100 shares. By writing options for just three months a year it is possible to significantly boost the income whilst retaining exposure to the FTSE 100 for the majority of the year.



Converting Option writing in practice

Example

The Fund holds Vodafone shares valued at 175p on the 1st January. The Fund writes a 3 month covered call option with a 175p strike at 8p per share (4.5%)

Scenario's over a 3 month time horizon

- 1) Vodafone rises to £2 (+14%) at option expiry – Fund appreciates by 8p instead of 25p if no option had been written [**relative underperformance absolute return**]
- 2) Vodafone rises to £1.80 (+2.8%) – Fund appreciates by 8p (8p option proceeds) versus only 5p if no option written [**Absolute and relative outperformance**]
- 3) Vodafone stays at £1.75 – Fund appreciates by 8p (option proceeds) [**absolute and relative outperformance**]
- 4) Vodafone falls to £1.70 (-2.8%) – Fund appreciates by 3p (8p option proceeds offsets a 5p fall in share price) [**absolute and relative outperformance**]
- 5) Vodafone falls to £1.50 (-14%) - Fund depreciates by 17p verses a market fall of 25p if no option had been written (25p loss minus 8p option proceeds). [**relative outperformance but capital loss**]

Irrespective of the performance of the shares the Fund keeps the option premium of 8p (4.5%) and this is available for distribution. The Fund also maintains its entitlement to the dividend on the shares unless or until the option is exercised.

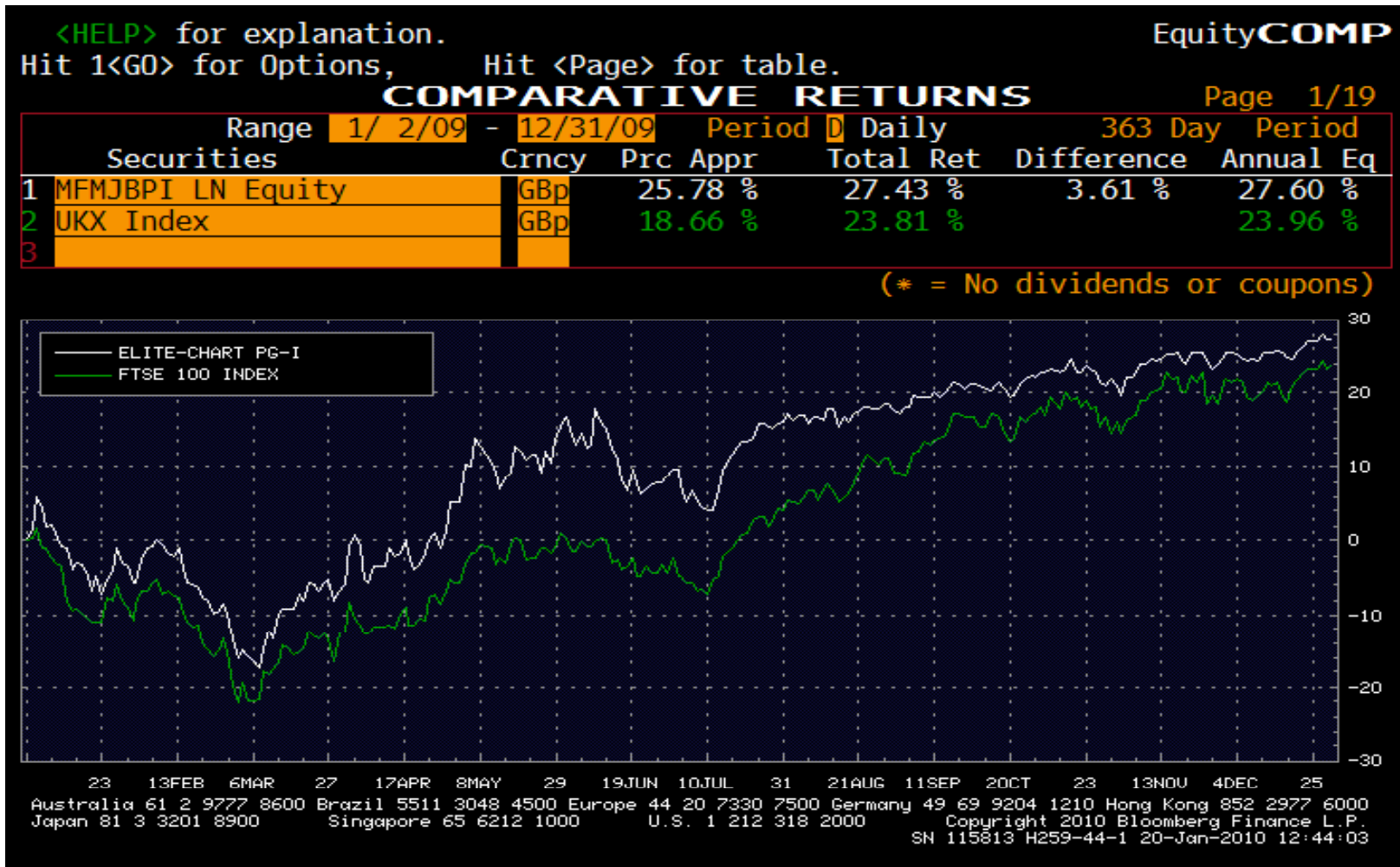
Scenario's during life of an option

Out-performance / under-performance of Fund

	Scenarios	Relative	Absolute
1	Market Rises Sharply	x	✓
2	Market Rises Marginally	✓	✓
3	Market Unchanged	✓	✓
4	Market Falls Marginally	✓	✓
5	Market Falls Sharply	✓	x

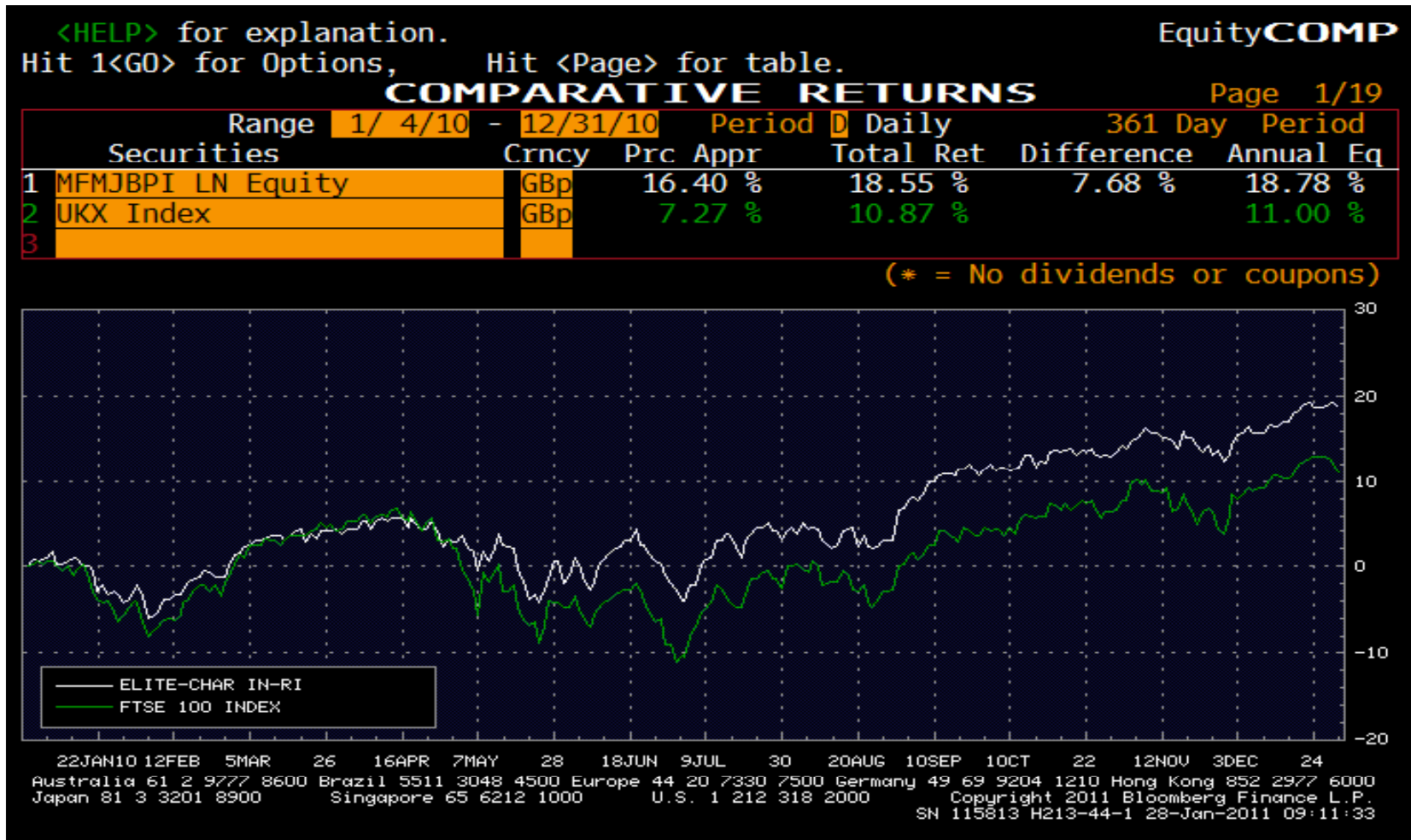


Fund performance vs. FTSE 100 in 2009



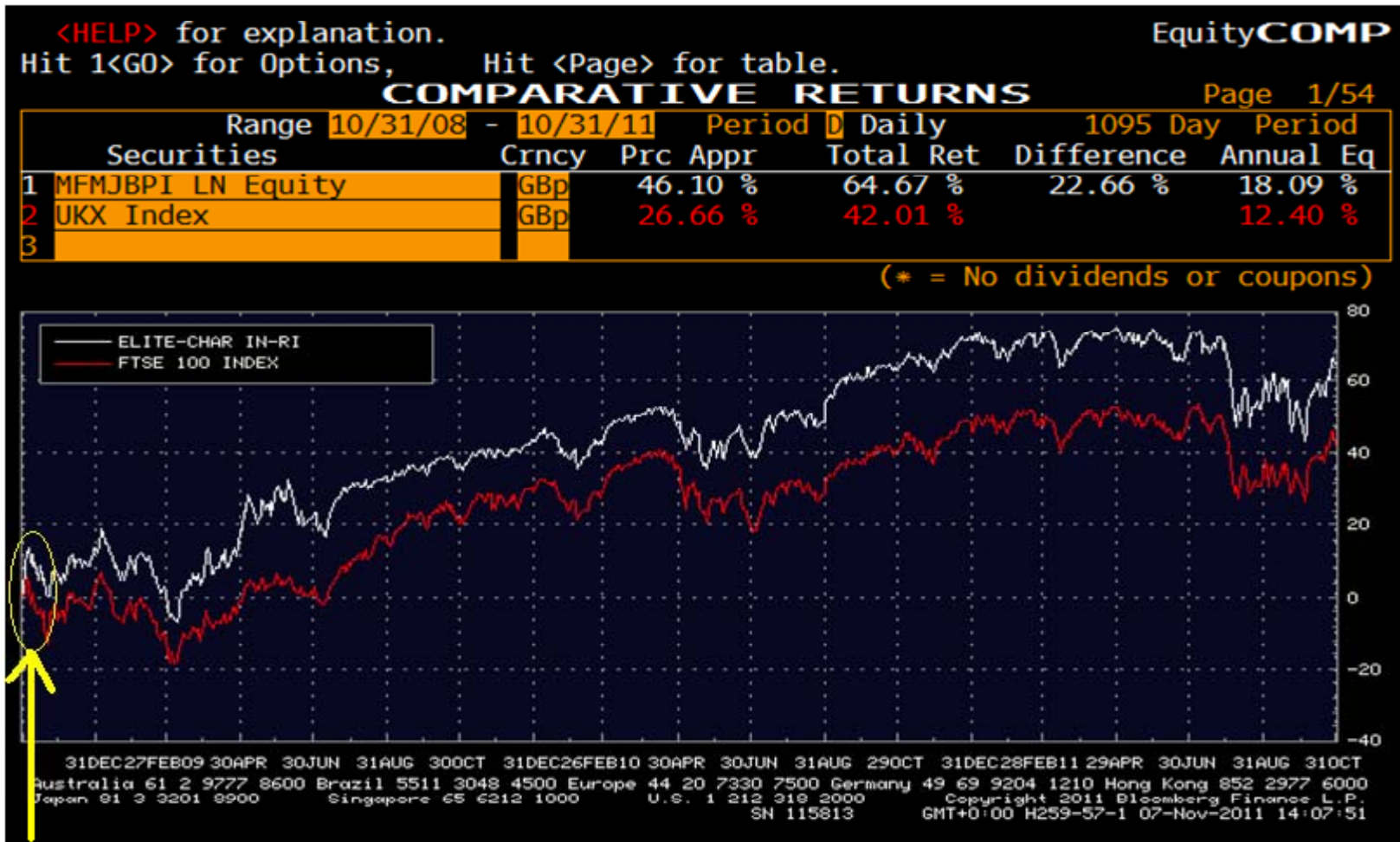
{Source Bloomberg}

Fund performance vs. FTSE 100 in 2010



{Source Bloomberg}

Three year Performance



Charteris took over Fund

{Source Bloomberg}

ECPIF Top of the IMA UK Equity Income Sector

Professional Adviser | 30 September 2010 | 49

SECTORS – THREE YEARS

UK EQUITY INCOME

1	Ian Williams	Elite Charteris Premium	18.29
2	John McClure	Unicorn UK Income	17.50
3	Murphy/Kirrage	Schroder Income	14.91
4	Nick McLeod-Clarke	BlackRock UK Income	14.89
5	Beagles/Lowen	JOHCM UK Equity Income	14.14
6	Thomas See	Schroder Income Maximiser	12.66
7	Nick Purves	SJP Equity Income	11.28
8	Francis Brooke	Tmjn Income 0	9.13
9	Luthman/Bailey	CF Walker Crips Equity Income	7.60
10	Chris Murphy	Aviva Inv UK Equity Income 1	4.76

UK SMALLER COMPANIES

1	Deryck Noble-Nesbitt	Close Special Situations	39.21
2	Elaine Morgan	AEGON UK Smaller Companies	15.99
3	Harry Nimmo	Stan Life Inv UK Sm Cos	15.89
4	Philip Rodrgis	Investec UK Smaller Companies	10.09
5	Giles Hargreave	Marlborough UK Micro Cap Gwth	6.00
6	Daniel Nickols	Old Mutual UK Select Sm Cos	3.44
7	Giles Hargreave	Marlborough Special Sits	3.43
8	Richard Wilmot	Newton UK Smaller Companies	3.22
9	Cross/Fosh	Liontrust Intellectual Capital	2.69
10	Team	CF Amati UK Smaller Companies	2.67



Hibbert
Europe Ex UK



Taylor
Japan



Woolnough
Sterling Corporate Bond



Williams
UK Equity Income

Source: Professional Adviser Magazine – 30 Sept 2010



Ian Williams – Chairman/Fund Manager Chartered FCSI

Ian has spent the last 35 years trading in Equities, Commodities and G7 Government Bonds, covering sales, research, market making and proprietary trading. He was a member of the London Stock Exchange for many years before joining Chase Manhattan Bank (now JP Morgan). He subsequently worked for Dresdner Kleinwort Benson and Guinness Mahon (now Investec) before becoming Chairman & Chief Executive of Charteris Treasury Portfolio Managers. Ian runs the “**City Financial Strategic Gilt Fund**” which was top of the IMA Gilt Sector for 2007 & 2009 (source Lipper) as well as The 4* rated and Triple crown rated “**Elite Charteris Premium Income Fund**” which has also been consistently at the top of the IMA UK Equity Income sector. Ian is a Chartered Fellow of the Chartered Securities Institute.

Nick Taylor – Director/Fund Manager Chartered FCSI

Nick Taylor has 38 years of international investment management experience, gained at Morgan Grenfell, Invesco, was Managing Director at Cigna International Investment Advisors and Matheson Investment Management. An award-winning manager, Nicholas has run Equity portfolios for a broad range of investors, including institutional pension funds, such as the Cadbury Schweppes Pension Fund alongside running several million pounds of private client portfolios and investment trusts. Nick is also a Chartered Fellow of the Chartered Securities Institute.



Fund Details

IMA Sector	: IMA UK EQUITY INCOME SECTOR
Bloomberg Ticker Code	: MFMJBPI LN EQUITY (Retail Inc) : ELCHPRA LN EQUITY (Retail Acc) : ELCHPII LN EQUITY (Inst Inc) : ELCHPIA LN EQUITY (Inst Acc)
ISIN number	: GB0031162380 (Retail Inc) : GB00B40YYS55 (Retail Acc) : GB00B3R5HZ24 (Inst Inc) : GB00B3XFCL77 (Inst Acc)
SEDOL number	: 3116238 (Retail Inc) : B40YYS5 (Retail Acc) : B3R5HZ2 (Inst Inc) : B3XFCL7 (Inst Acc)
CUSTODIAN	: STATE STREET BANK & TRUST
Authorised Corporate Director and Registrar:	: WAY Fund Managers Limited
Auditor	: GRANT THORNTON UK LLP : AMC 1.5% : INSTITUTIONAL AMC 1%



Available Platforms



Contact Details



Fund Management

Ian Williams (CTPM)

0207 220 9780

Dealing Line

WAY Fund Managers Ltd

01202 855 856





Key Information and Risk Warnings

This presentation is issued by Charteris Treasury Portfolio Management Ltd which is authorised and regulated by the Financial Services Authority

- **Past performance is not a guide to future performance and investors may not get back the full amount invested**
- **The price of shares and any income from them may fall as well as rise**
- **On redemption of holdings investors may not receive back the full amount invested. Management and other fees may reduce the capital invested**
- **The information provided does not constitute advice or a personal recommendation for which the duty of suitability would be owed by us and you should seek your own advice as to the suitability of any investment matter mentioned here**
- **Professional advisers should be aware that this document is intended for their use only and this document is not to be shown or given to any retail investors**
- **The presentation is made on the basis of our current understanding of United Kingdom Tax laws, which may be subject to change in the future**