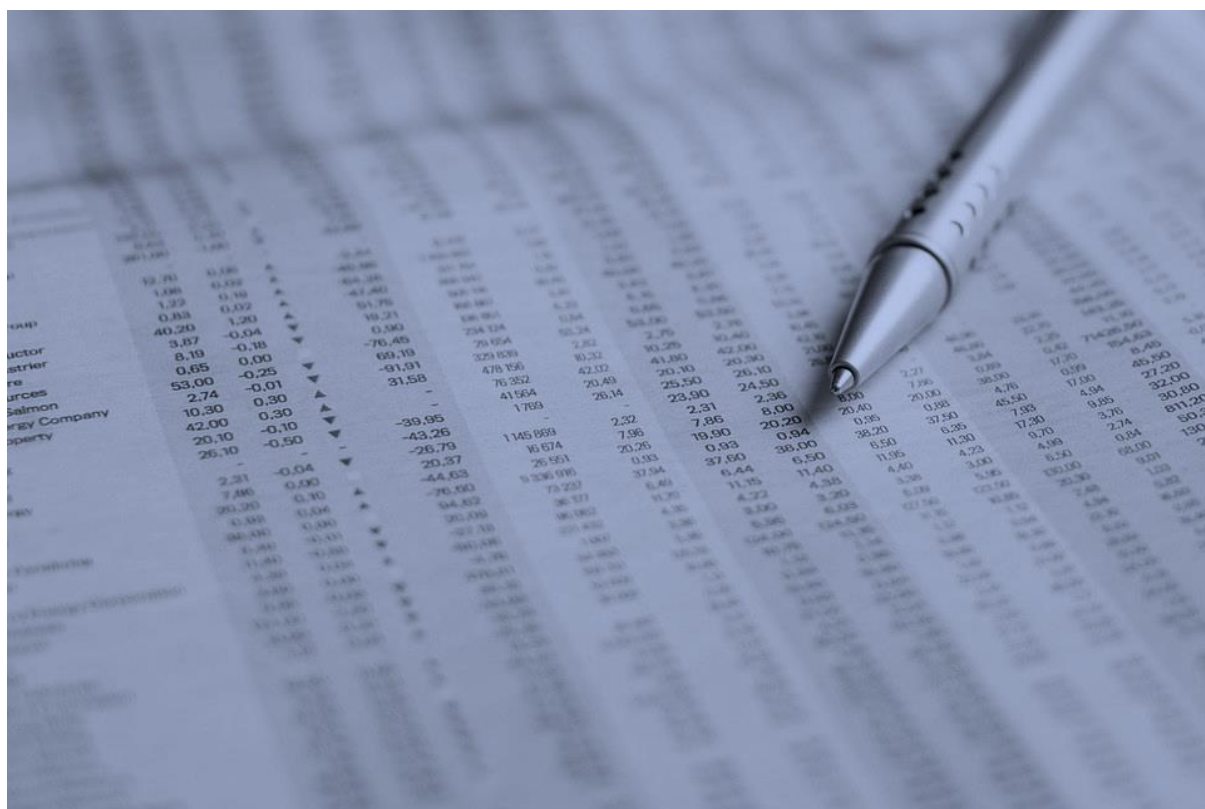




Registered Address: 8/9 Lovat Lane, London, EC3R 8DW

WS Charteris Premium Income Fund

Request for proposal response as at 29 December 2023





About Charteris Treasury Portfolio Managers

Founded in 1984, Charteris builds upon an investment discipline and culture that its founders understand and passionately believe in. We are grounded in the belief that core principles are fundamental to how we manage money and behave as a business. These principles are underpinned by a common theme – a complete focus on the long-term management of our clients' money.

Our investment philosophy combines macro-economic and value-based stock research with long-term cycle analysis of all major asset classes. We focus on identifying investment opportunities prioritising long-term capital growth, sustainable income and high liquidity. At the heart of our philosophy is our attitude to risk. We believe carefully managed risk is of paramount importance – preserving and growing clients' wealth is our priority.

WS Charteris Premium Income Fund

The Fund's objective

The Fund seeks to provide income and capital growth from a portfolio invested in liquid and Blue-chip UK quoted equities. The fund has a target dividend yield of 4-6 per cent. Individual stocks are then selected based on how they may benefit from global trends as well as their fundamentals.



Investment Team

Ian Williams, Chartered Wealth Manager has been the lead manager of the fund since it was launched. Colin Robertson and Nick Taylor are part of the investment team that deputise in the lead manager's absence.

Ian Williams, Chartered Wealth Manager

A former member of the London Stock Exchange, Ian has spent the past 35 years as a specialist in Gold, equity and fixed income markets. He acquired Charteris in 2002 having formerly held senior position at Chase Manhattan Bank (now JP Morgan Chase) and Dresdner Kleinwort Benson and Guinness Mahon (now Investec). Ian is lead manager and a Chartered Fellow of the CISI.

Colin Robertson, Chartered FCSI

During a career spanning more than 30 years, Colin has held influential positions at some of the largest names in the financial sector including Aberdeen Asset Management and Brown Shipley. He is a Chartered Fellow of the CISI

Nick Taylor, Chartered FCSI

Nick has 40 years of international investment management experience gained at Morgan Grenfell and Invesco. He was managing director at Cigna International Investment advisors and Matheson Investment management. Nick has run equity portfolios for a broad range of investors, including institutional pension funds, trusts and private client portfolios. Nick is a Chartered Fellow of the CISI.

Investment process and strategy

Investment process

Our investment process is driven by a set of investment beliefs which frame our approach to portfolio strategy, stock selection and timing decisions.

The investment process starts with a clear macroeconomic view that is not focused on modelling short or long-term economic variables but is driven by an informed economic interpretation of important global and long-term social, political and macroeconomic policy trends. These views drive our sector preferences, which are unrestricted by explicit risk budgets or index weighting considerations. Within each targeted sector we select stocks based on cyclically flexible screening criteria which include business structure, growth potential, geographic exposure, market capitalisation and liquidity considerations.

Finally, timing of investment decisions is an important part of the manager's overarching investment process. Timing decisions are informed by the technical analysis of longer-term economic, market and metals' price cycles.

Investment strategy

Consistent with the management of all of the Charteris funds, there is a strongly held macroeconomic view that drives the strategy of the *WS Charteris Premium Income Fund*. This top-down driven strategy is embedded in an active management approach with the sector and stock selection decisions based on identifying which businesses are best placed to benefit from the global macro trends we have researched. The Fund has the permissions to write covered-call options but only at selected times of the year. This strategy is different to other call option funds because they write options continuously; we prefer not to do that. The income derived from the options helps boost the yield for investors who hold the fund.

Our view and summary

We believe that the outlook for the UK Equity market heavily favours reward over risk as the market still looks amongst the best value equity markets in the world with some of the highest dividend yields and lowest P/E ratios anywhere.

Some Investors attribute this to a roughly 20% "Brexit Discount" as a reason for the relative cheapness of the UK but most of the large multi-national companies which make up the top 100 UK Listed companies make the vast proportion of their profits

outside of the UK. This is especially true of the Charteris Premium Income Fund which is dominated by overseas earners.

We are also entering a period over the next three years or so that history has shown to be the most cyclically favourable for Equity markets during an average decade.

Indeed, a study of previous decades going back over 100 years shows that most money (without exception in any decade) is made in the middle of the decade with the worst crashes occurring in the autumn of the decade (1987, 2007, 1998 etc.).

Obviously, there is no guarantee that this decade will follow the pattern of previous decades but the odds favour that it will. That together with the relative cheapness of the UK leads us to a very positive view of the next 3 years or so.

Income Generation

Investor demand for income continues to be very strong and we don't see that trend changing in the near future. The *WS Charteris Premium Income Fund* had a distribution yield of 4.9% for calendar year 2023 which is inside its target of 4-6% a year.

Risk Management, portfolio construction and monitoring

Risk Management

Risk is managed through the fund's underlying exposure to different income yielding equities alongside the fund's ability to hold cash and can write covered-call options at strategic times of the year at the manager's discretion.

Equity markets are inherently cyclical and we believe that the risks embedded in this asset class can and should be managed through the cycle.

For example, in an equity markets bull market; we will tend to focus on a balance between growth stocks and overseas earners, alongside an emphasis on high yielding consumer stocks.

In a less favourable phase of the cycle we will look to reduce the risk profile of the fund by holding a greater proportion of the fund's assets in lower beta more defensive utility companies and correspondingly less exposure to direct miners and overseas earners.

Risk is also managed and mitigated through the fund's geographic exposure. The manager only buys liquid Blue-chip UK listed equities so there is no currency FX risk but also no danger of fund holding securities it cannot trade.

The risk profile of the fund is further managed through a clear stock selection discipline. We have a high-quality threshold and tend therefore to run a fairly concentrated portfolio – typically 20-45 stocks. We believe this is an appropriate spread of risk which avoids the need to compromise on quality merely to achieve further diversification.

Idea generation

Ian and his team rely on a combination of internal proprietary analysis and external research to generate ideas for the fund.

Portfolio construction

The construction of the portfolio is the sole responsibility of the lead fund manager, Ian Williams. He is supported in this task by the other members of the investment team who will input into the decision-making process and the implementation of decisions.

Ultimately, the aim of all of our fundamental research efforts is to arrive at an informed judgement about long-term fundamental value. Once we have arrived at that judgement, using a technical analysis overlay, we can assess whether an investment opportunity is attractive enough to warrant inclusion in the portfolio.

Each stock is included in the portfolio on its own merit – we do not hold positions purely to manage relative risk. Portfolio weightings are determined by the level of conviction in an investment thesis and our judgement of the balance between the potential upside to true inherent long-term value and the risks that may stand in the way of that long-term value being realised. All of this is balanced against a desire to be sensibly and appropriately diversified at a stock and sector level, with the ultimate aim of building a portfolio that can deliver attractive, long-term, risk adjusted returns.

Portfolio monitoring

Monitoring of portfolio holdings is a continuous process. All portfolios are reviewed daily to ensure appropriateness, consistency and adherence to the mandate.

Individual holdings are assessed and monitored daily by the lead fund manager, who takes primary responsibility, but is assisted by the rest of the investment team as appropriate.

About the Fund

Launch date

10 December 2001*

**The fund was originally launched on 10th December 2001 as the James Brearley Premium Growth Fund where WAY Fund Managers were the original ACD, the Fund was transferred to DMS Investment Management Services (UK) Limited on 30th December 2016; DMS Investment Management Services (UK) Limited have now been rebranded as Waystone Management (UK) Limited. Charteris were appointed the investment manager to the fund on 31st October 2008 where the same lead manager has overseen responsibility since that date.*

Performance objective

There is no official performance objective detailed in the fund's prospectus; however, the fund aims to offer a superior risk adjusted return over that of a passive holding of UK blue chip equities whilst providing a superior yield

Fund Size

£3.7m (as at 29 December 2023)

OCF, charges and TER

	Initial Charge	AMC %	OCF / TER*
I Classes	0%	1%	1.54%

*as at 31 Aug 2023 (OCF = ongoing charging fee, TER = Total Expense Ratio)

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.

Yield and distribution rates

Distribution: Interim - 30th April

Distribution: Final - 31st October

Legal Structure

UK regulated OEIC – can invest up to 10% of the fund in cash and can hold covered call options but only liquid blue-chip UK equities

Third parties associated with the fund

Waystone Management (UK) Limited ("WS") as ACD (Authorised Corporate Director) of the fund has the responsibility of compliance, oversight, apportionment and investment management of the company. WS delegates the investment management of the fund through its agreement with Charteris Treasury Portfolio Managers. It is the portfolio management team that manages the investments of the fund within the constraints outlined by the fund's prospectus, its mandate and UK UCITs. Administration of the fund is undertaken by Credit Agricole (CACEIS Bank, UK Branch) and the auditors are Grant Thornton UK LLP.

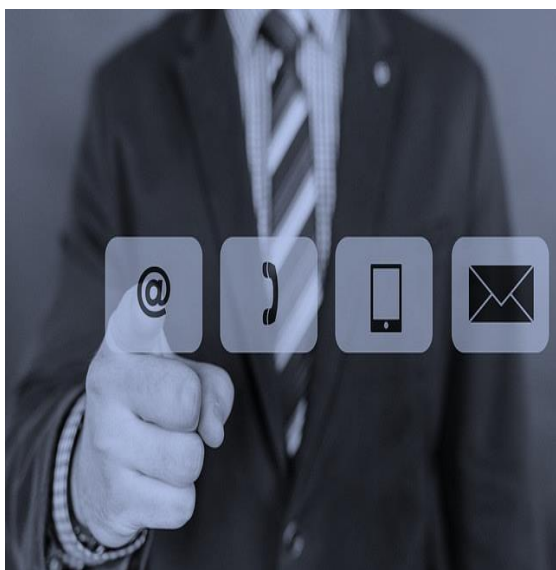
Fund Codes

I Accumulation

Bloomberg: HCCPIIA LN EQUITY
Thomson Reuters LP68476168
MEXID: HTSAM
ISIN: GB00BYZKJ276
Citicod/FE: KLY3

I Income

Bloomberg: HCCPIII LN EQUITY
Thomson Reuters LP68476169
MEXID: HTTTT
ISIN: GB00BYZKJ383
Citicod/FE: KLY4



Get in contact

Sales enquiries

Charteris Treasury Portfolio Managers Ltd
8/9 Lovat Lane, London, EC3R 8DW
info@charteris.co.uk
+44 (0)20 7220 9780
www.charteris.co.uk

Fund Manager

Charteris Treasury Portfolio Managers Ltd
8/9 Lovat Lane, London, EC3R 8DW
Ian Williams, Chairman & CEO
iw@charteris.co.uk
+44 (0)20 7220 9780

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