



GIBRALTAR ASSET MANAGEMENT LIMITED

STOCKBROKERS & INVESTMENT MANAGERS

Retail Client Presentation

11th May 2021



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About Us

- **History** - Gibraltar Asset Management Limited (“GAM”) was founded in 1987 and has roots in Gibraltar going back over fifty years.
- **Regulation** - GAM is authorised and regulated by the Financial Services Commission. Being based in Gibraltar, we are subject to the Markets in Financial Instruments Directive (MiFID), thus benefiting clients with the maximum amount of protection. We are also a member of the Gibraltar Investor Compensation Scheme.
- **Memberships** - GAM is a member of GFIA (Gibraltar Funds & Investments Association) and GACO (Gibraltar Association of Compliance Officers).
- **Independence** - We are totally independent of any fund managers, clearing banks or insurance companies and as such have no conflicts of interest. As a result we provide entirely unbiased investment advice.



Key People



- Investment Management, Advisory & Execution-Only dealing
- Operations



Security of Your Assets

- **Nominee arrangements** - We do not hold client assets, rather they are held through an FCA-regulated custodian, Jarvis Investment Management Plc (“Jarvis”). Jarvis is a Member firm of the London Stock Exchange and is itself listed on the London Stock Exchange. Securities are registered in the name of Jarvis’ nominee, JIM Nominees Limited, a non-trading company that provides for the safe, secure and effective administration of clients’ investments. Jarvis does not take proprietary positions.

Advantages of our nominee service include:

- i-The enabling of market transactions to be settled for standard settlement (T+2)
- ii-The elimination of lost share certificates which are becoming ever more costly to replace
- iii-The reduction of paperwork as all correspondence, such as reports, is sent to the nominee company
- iv-The automated processing of corporate actions including the collection of dividends

GAM can also arrange for settlement via the client’s own custodian.

- **Investor protection** - GAM places a strong emphasis on risk management encompassing legal, regulatory and reputational risk and compliance. Treating customers fairly is an established and fundamental component of the firm’s business culture and has been instrumental to the development of the firm’s excellent reputation amongst investors. This is evidenced by our low client turnover. GAM does not take proprietary positions.

Transactions



Settlement



Custody



Corporate Actions



Valuations



Client Reporting

Regular reporting is an important part of our relationship with our clients. We communicate to our clients through the following media:

- **Online access** - clients can access their portfolios through our online platform, which provides valuations and cash statements.
- **Corporate actions** - ongoing notification (via telephone, email or letter) of all corporate events that occur on your holdings such as rights issues, capital reorganisations, takeovers etc. Advice on course of action is provided on request.
- **Contract notes** - contract notes are issued promptly after each transaction, either via email (thus cutting down on mail and unnecessary paper) or via post the following business day.
- **Valuations** - are sent to clients quarterly. Discretionary investment management clients also receive an annual periodic statement (following December m/e) which contains a performance analysis and suitability report. Ad-hoc valuations can be produced on request.
- **Market Commentary** - we email a monthly newsletter to our clients which contains our view on the stock market based upon fundamental and technical analysis along with recommended investments.



Services – Execution-Only

Our execution-only dealing service is a comprehensive and efficient method to buy and sell securities.

- **Markets** – We have direct access to the markets and provide best execution and timely execution of orders. Markets covered include:

<i>Equities</i>	Pan-European, North American, Australian and Japanese
<i>Fixed Interest</i>	Pan-European & US government and corporate debt
<i>Collective Investment Schemes</i>	Investment Trusts, Unit Trusts and ETFs
<i>Structured Products</i>	Exchange-listed and OTC
<i>Derivatives</i>	Futures, Options, CFDs & Covered Warrants
<i>Foreign Exchange</i>	Free online platform to 44 FX pairs. 1% margin

- **Telephone/Online dealing** - Trades may be placed via our traditional telephone-based service or online via our robust online dealing platform (excluding overseas equities, fixed interest & US options).
- **Value-added service** - We can provide up-to-date market information, monitor stock price movements, keep you informed of news on particular stocks and take limit as well as market orders. Execution-only customers also receive research published by GAM's Investment Committee which drives our investment management offering.



Services – Advisory

- **Tailored advice** - We make recommendations based on your investment objectives, attitude to risk, time horizon and individual requirements and will act only once you are in agreement with our recommendations. We will advise on the merits of a particular investment upon request, as well as on its suitability to your portfolio as a whole.
- **Free of charge** - There is no additional charge for the advisory service. Only a financial questionnaire need be completed.
- **Quality of advice** - Our advice is based on quality research and the skills, knowledge and experience of our professional brokers, all UK qualified. We also have access to high quality research from external providers, such as Argus Research & Winterflood Securities.
- **Profitable opportunities** - We aim to provide the advice clients need to improve the return on their investments - whether they are short-term traders or long-term investors. We advise clients of potential opportunities, place orders once a course of action has been agreed and monitor subsequent performance.
- **Scope of advice** - There are a growing number of investment products available hence good selection is vital. With the ever increasing complexity of these investments professional help has never been more essential. Every advisory client is assigned a stockbroker who is there to build a relationship with you, as your trusted advisor, exchanging ideas and keeping you informed. You can discuss everything from risk management and the achievement of your investment goals to how best to buy or sell specific shares.
- **Investment ideas** – Advisory customers receive research published by GAM's Investment Committee which drives our investment management offering.
- **Portfolio review** - GAM carries out regular reviews of all client portfolios whether advisory or discretionary to ensure that portfolio holdings are in line with each clients investment objectives, time horizon and attitude to risk.



Services – Discretionary

Investment Committee

- GAM's Investment Committee is responsible for building model portfolios for a range of investment objectives and time horizons. These models are used as a basis to build a portfolio for an *individual* client.
- Our approach to portfolio construction is to:
 - 1) Identify the best assets to invest in - equities, alternatives & fixed interest
 - 2) Combine them to minimise volatility - Asset allocation is at the core of investment success-research has shown that 90% of returns come from the way you spread your holdings across different asset classes, not through stock picking. The more asset classes one includes, the greater potential there is for reduced volatility and enhanced returns.
 - 3) Establish the best investment route for each asset class
- Our model portfolios reflect recommended asset allocations to equities, special situations, commodities & fixed interest. By way of example, for an investor with a medium attitude to risk and a medium time horizon, GAM uses the following portfolios as a template for subsequent investment dependent upon their investment objectives – balanced, income or capital growth.





Services – Discretionary

Model Portfolios

Balanced

Equities	50%
Alternatives	20%
Fixed Interest	30%

Income

Equities	50%
Fixed Interest	50%

Capital Growth

Equities	80%
Alternatives	20%

Now we discuss these individual asset classes in turn.

As an independent stockbroker, we select the best investment route for each asset class based on value. As our income is derived from our transparent pricing structure we tend to prefer direct investments and low cost exchange traded funds to expensive unit trusts and structured products. Costs chip away at performance year after year and their impact compounds over time. There are few factors as predictive of future success as fees-they are the only variable known at the outset. We believe our approach aligns GAM's interests directly with those of the client.



Services – Discretionary

Equities

GAM manages its equity allocation with the following principles in mind:

- *Diversification* - we invest in a total of 20 shares. This reduces company specific risk to the theoretical maximum level.
- *Risk management* – our investment managers are restricted to investing no more than 5% of the equity allocation in any one stock (the 20 stocks are equally weighted) and 15% in any one sector.

Regarding the selection of stocks, GAM considers both technical and fundamental factors. Our criteria include:

- *Low debt levels* – We invest predominantly in companies with low debt levels, particularly important post credit crunch.
- *Good earnings visibility* – good forward visibility of earnings ensures a company has the ability to survive an economic downturn.
- *Dividend yield* - We invest predominantly in good dividend-paying companies whose dividends are well covered. Stocks with good dividends are less affected by market volatility and over the long term, studies have found that dividend yield accounts for a greater proportion of total returns than capital gains.
- *Value* – We focus on companies that are inexpensive as measured by either price earnings multiples, price earnings growth or price to book value.
- *Simplicity* – We only invest in companies we understand.

The categories of shares we purchase come under the following broad headings – core defensive, cyclical and thematic.





Services – Discretionary

- **Core Defensive**

10 defensive investments form the core of the equity allocation where the best in class companies are selected that are expected to perform well irrespective of economic conditions. Our past stock selection has included:

<u>Company</u>	<u>Sector</u>
BP	Oil & Gas Producers
BAE Systems	Aerospace & Defence
British American Tobacco	Tobacco
Dunedin Income Growth IT	Equity Investment Instruments
JPMorgan Global Growth & Income	Equity Investment Instruments
Murray Income Trust	Equity Investment Instruments
Scottish Mortgage Investment Trust	Equity Investment Instruments
Unilever	Food Producers
United Utilities	Gas, Water & Multiutilities
Vodafone	Mobile Telecommunications

These shares are bought to be held for the long term and are generally held for the long term unless an adverse situation happens with the company/fund or a more attractive proposition appears.

Over time these core holdings have tended to outperform the FTSE 100, whilst exhibiting lower levels of volatility. Thus this selection provides the investor with a solid core from which to build a diversified portfolio & seek more adventurous returns.



Services – Discretionary

- **Cyclical**

A further 5 companies are selected from sectors that are in the current (or soon to be expected) economic cycle, such as:

Early Cycle = Automobiles & Parts, General Retailers, Household Goods, Leisure Goods, Life Insurance, Media and Travel & Leisure

Mid Cycle = Industrial Transportation, Mining, Oil & Gas Producers, Oil Equipment & Services, Real Estate, Software & Computer Services and Technology Hardware & Equipment

Late Cycle = Banks, Chemicals, Construction & Materials, Electronic & Electrical Engineering, Equity Investment Instruments, Forestry & Paper, General Industrials, General Financial, Industrial Engineering, Industrial Metals and Support Services

Our past stock selection has included:

<u>Company</u>	<u>Sector</u>
Aviva	Life Insurance
Berkeley Group	Household Goods
Legal & General	Life Insurance
Mercantile Investment Trust	Equity Investment Instruments
Royal Dutch Shell B	Oil & Gas Producers

These shares are generally bought for the short term.



Services – Discretionary

- **Thematic**

The final 5 investments are selected from themes that we believe will benefit from some underlying trend or catalyst.

Our past stock selection has included:

<u>Company</u>	<u>Sector</u>	<u>Rationale</u>
Chesnara	Life Insurance	High yielding, low-beta company yielding >5%
General Acc 8 7/8%	Preference Shares	Cumulative-preference shares yielding >5%
JPM Emg Mkts Inc	Equity Investment Instruments	Higher GDP growth vs. developed markets
LVMH	Personal goods	Exposed to the high growth emerging markets
Polar Capital Tech	Equity Investment Instruments	Provides exposure to a portfolio of global tech names

These investments are generally bought for the medium term.



Services – Discretionary

Alternatives

i-Special Situations/Low Beta

Special situations is an asset class where we attempt to take advantage of short-term anomalies in the market and seek absolute returns that are uncorrelated with the wider equity market. For example, market anomalies occasionally present themselves in takeovers where the price of the target company does not rise to the bid price (less the time cost of money). Bid arbitrage occurs in times of high market volatility and presents very attractive risk/return profiles. Alternatively there may be a specific event that will trigger a rise in the share price.

Low beta investments have low correlations with the wider stock market and therefore may not fall during periods of market corrections.

Our past stock selection has included:

<u>Company</u>	<u>Sector</u>	<u>Rationale</u>
GCP Student Living	Real Estate Investment Trust	Provides exposure to student homes. Has a low beta (0.05) and yields >4%
Impact Healthcare REIT	Real Estate Investment Trust	Provides exposure to care homes. Has a low beta (0.09) and yields >5%
John Laing Env Assets	Equity Investment Instruments	Alternative energy company with a low beta (0.08) and yields >6%
Regional REIT	Real Estate Investment Trust	Trades at a discount to NAV with a >7% yield
Standard Life Private Eqty	Private Equity	Provides exposure to private equity. Has a low beta (0.44) and yields >3.5%

These shares can be bought with a very short term time horizon or longer for low beta investments.



Services – Discretionary

Alternatives (cont)

ii-Options

Options are derivative contracts which can be used by investors in a diverse set of contexts - to insure their portfolios, purchase shares at a lower level than the prevailing market price, enhance the yield of their equity portfolios or take leveraged positions whilst carrying a limited amount of risk. GAM has traded options for many years, predominantly using the following trading strategies:

Covered calls

Selling out-of-the-money covered calls (where the option writer owns the obligated quantity of the underlying security and is obligated to deliver the shares should they reach a certain level) is a popular strategy that enables the stockowner to generate additional income which is similar to receiving an additional dividend.

Naked Puts

GAM recommends writing puts (where the option writer is obligated to purchase shares should it fall below a certain level) on key stocks it recommends, selecting strike prices based upon a combination of fundamental and technical analysis, which fall into the core defensive and cyclical categories

FTSE 100 Strangle

This strategy allows investors to trade the range of the FTSE 100 rather than the direction using options contracts by selling high strike price call options whilst simultaneously selling low strike price put options. If the market stays within the range, the entire option premium is retained

Disclaimer: Trading options is a high risk strategy which can result in losses than exceed your initial deposit. Trading derivatives may not be suitable for everyone, so ensure that you fully understand the risks involved.



Services – Discretionary

iii-Commodities

Commodities add further diversification benefits to a portfolio. Gold, for example has a correlation of just 0.09 with the FTSE 100. Over long periods of time the CFA Institute has found that portfolio's containing a significant exposure to precious metals experience higher average annual returns whilst exhibiting lower levels of volatility.

Our current investment selection includes:

<u>Commodity</u>	<u>Rationale</u>
Gold	Protects portfolio against inflation, particularly topical given the current debt levels and QE programmes. Gold is regarded as a 'safe haven'. The high reached in the 1980s equates to \$2,200 today in inflation-adjusted terms.
Silver	Similar to gold in that it is a store of value – the words for silver and money are in fact the same in 14 different languages. Is trading at a historic low vs. the gold price. Unlike gold, silver is “consumed” in industrial processes which will support the spot price.
Platinum	Will benefit for increasing Chinese demand for cars, rising inflows into ETFs and its reputation as a store of value.
Palladium	Will benefit for increasing Chinese demand for cars, tight supply and its reputation as a store of value.

Exposure is obtained by purchasing exchange traded funds that are listed on the London Stock Exchange, which hold the physical allocated metal under trust in a vault at HSBC and have very low management fees.



Services – Discretionary

Fixed Interest

Fixed interest forms an important part of a diversified portfolio that is often overlooked by retail investors. You can get approximately the same return with lower risk by adding corporate bonds to your portfolio. In addition to investing in bond funds (investment trusts & ETFs), GAM purchases direct bonds. GAM selects these with the following principles in mind:

- **Diversification** - Our investment managers are restricted to investing no more than 10% of the fixed interest allocation with any one company. This reduces 'company specific' risk to a comfortable level. In the unlikely event of liquidation, corporate bondholders have traditionally received 50 pence in the pound. If the bond allocation yielded 5%, that equates to a year's worth of interest lost - not pleasant but not a disaster neither.
- **Risk management** - Our investment managers are restricted to investing no more than 15% of the fixed interest allocation in any one sector.
- **Listed bonds** - We invest predominantly in listed bonds from stable, profitable companies which boast a high level of interest cover.



Summary

- GAM is able to provide you with a *dedicated* and *local* service
 - Local dealing desk covering equities, fixed interest, commodities, futures, options, FX and CFDs
 - Value added advice free of charge
 - Competitive commission rates
 - Low custody fees for a premier custodial service
 - No minimum account size
 - Simple and fast account opening process
 - Online dealing (UK equities)
 - Online access, providing valuations and cash statements in every currency
 - Access to complimentary research
 - Efficient and local operational support





Appendix

- i-Key Contacts
- ii-Summary of Rate Card
- iii-Team Biographies



Key Contacts

Account Opening:

Account Opening accountopening@gam.gi

Execution-Only Clients:

Dealing team dealers@gam.gi

Advisory & Discretionary Clients:

Trevelyan Benteolo trevelyan.benteolo@gam.gi

Paul Brailey paul.brailey@gam.gi

Mark Maloney mark.maloney@gam.gi

Client Services:

Client Services clientservices@gam.gi

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Summary of Rate Card

		Equities and Funds	Fixed Interest	CFDs
Execution-Only and Advisory Accounts	First £10,000	1.65%*	1.25%	0.25%**
	Thereafter	0.50%	0.25%	0.25%
Discretionary Accounts	First £10,000	1.00%	0.50%	
	Thereafter	0.50%	0.25%	
Minimum Commission (Crest settled)		£45***	£45***	£25
Investment Management Fee	0.75% of portfolio value p.a.			
Portfolio Review	0.25% (subject to minimum of £500)			
Custody	£120 p.a. (£60 additional annual charge per ccy)			
BACS Payments	£15			

* Reduced to 1% for online dealing

** Subject to LIBOR + 3% financing fee for long positions

*** Reduced to £40 for discretionary accounts and £25 for online dealing



Biographies – Key People

Trevelyan Benteolo BSc (Hons) MAAT ACSI IMC - Director

Following schooling in Gibraltar, Trevelyan completed his education at Southampton Solent University, graduating with a 2:1 honours degree in Psychology. After several years working in the accountancy profession, Trevelyan decided to follow his passion and trade equities, currencies and commodities full-time as a proprietary trader. To further his investment career, Trevelyan then joined GAM's Graduate Trainee Programme and is completed the CISI's Investment Advice Diploma and the CFA's Investment Management Certificate. Trevelyan is fluent in Spanish.

Paul Brailey BEng (Hons) MCSI IMC - Chairman

Prior to joining GAM in April 2008, Paul spent three years as an engineer in the medical industry. Paul holds a mechanical engineering degree from Birmingham University, the CISI Certificate in Investments – Retail and the CFA's Investment Management Certificate. Paul is a Member of the Chartered Institute for Securities & Investment.

Lucio Greco BA (Hons) IOC - Operations Manager

Lucio brings to the team a proven track record of providing excellent customer service having worked at Lloyds Bank since 2001, both in Gibraltar and the UK, reaching the position of Senior Premier Relationship Manager. Upon his move to the UK from his native Italy, Lucio completed a BA (Hons) International Business and Modern Languages degree at London South Bank University. Lucio holds the International Compliance Association's "Certificate in Compliance" as well as the Chartered Insurance Institute's "Diploma in Regulated Financial Planning", a level 4 qualification that meets the FCA's qualification requirements for retail investment advisers. He also has passed the CISI's Investment Operations Certificate.

James Lasry - Non-Executive Director

James is a Partner and Head of the Funds Team at Hassans. He deals with funds and financial services law as well as tax. James is a highly regarded practitioner who has been instrumental in setting up the majority of Gibraltar's funds, including the first experienced investor fund and the first protected cell company fund. He is fluent in English, French, Spanish and Hebrew and he read literature, music and law at Johns Hopkins and Bar-Ilan Universities. James is a member of the Israel Bar Association, the Law Society of England & Wales and the Gibraltar Bar.



Biographies – Key People (cont)

Mark Maloney BA (Hons) Chartered FCSI – Managing Director

Mark joined GAM in October 2001 and was appointed Managing Director in 2008. He graduated from Liverpool J.M. University with an honours degree in Accounting & Finance and subsequently spent several years in London working for State Street and Merrill Lynch Investment Managers. A former member of 4th Battalion The Parachute Regiment, Mark is a holder of the Investment Administration Qualification, the CFA's Investment Management Certificate, the CISI Diploma in Investment Compliance and is a Chartered Fellow of the Chartered Institute for Securities & Investment. Mark served for many years on the executive committee of GFIA (Gibraltar Funds & Investments Association) and was the Chairman of the GFIA Training Sub-Committee, charged with bringing training to local professionals in the finance industry. Mark was also the inaugural President of the Gibraltar Branch of the Chartered Institute for Securities and Investments.



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