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HC CHARTERIS GOLD & PRECIOUS METALS FUND

REQUEST FOR PROPOSAL RESPONSE
As at 30th Nov 2017

Fund Manager/ Due Diligence Questionnaire

For questions or more information please contact:

Ian Williams

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HC Charteris Gold & Precious 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?**

The Fund was originally launched on 1st February 2010 (first month offer period with management commencing 1st March 2010) as the *WAY Charteris Gold Fund* where WAY Fund Managers (now Fund Partners) were the original ACD, the Fund was transferred to Host Capital on 31st March 2017; however, there has been no change in Investment Manager or investment strategy

1.2 **What is the fund's investment process?**

The majority of the *HC Charteris Gold & Precious Metals Fund* will be invested directly in "blue chip" gold mining companies with the market capitalisation in excess of \$500m. The Fund has the flexibility to invest in mid-cap/smaller gold mining companies with a market capitalisation below \$500m. A large proportion of the investments will be in Canadian, USA, Australian & UK domiciled 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 is also situated in the IA Specialist sector. The Fund 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/precious metals.

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

Share class	SEDOL	ISIN	Bloomberg Ticker
I Acc Class	BYQ2JY4	GB00BYQ2JY43	WCHGEIA
I Inc Class	BYQ2JZ5	GB00BYQ2JZ59	WCHGEII
A Acc Class	BYQ2JS8	GB00BYQ2JS82	WGPMERA
A Inc Class	BYQ2JT9	GB00BYQ2JT99	WGPMERI
B Acc Class	BYQ2JW2	GB00BYQ2JW29	WCHGERA
B Inc Class	BYQ2JX3	GB00BYQ2JX36	WCHGERI

1.5 **What is the current size of the fund?**

£10.3m (as at 30th November 2017)

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

Minimal redemptions have taken place but new monies are starting to flow back into the Fund through a variety of platforms.

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

circa 20%

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 (now OCF). Do you propose to review these within the next 12 months?

A	B Classes:	5.25% initial charge 1.75% AMC 2.23% TER/OCF*
B	A Classes	0% Initial charge 1.25% AMC 1.73% TER/OCF*
C	I Classes	0% Initial charge 1.0% AMC 1.48% TER/OCF*

*as at 15th November 2017 (TER = Total Expense Ratio, OCF = Ongoing Charging Fee)

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: Annual — 31 May

1.11 What is the legal structure of your fund? Can it invest in other funds and to what proportion?

UK regulated OEIC – can invest up to 10% of the fund in ETF's & ETC's at the lead manager's discretion.

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

Ian Williams
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iw@charteris.co.uk

2. FUND MANAGEMENT TEAM

2.1 Name the lead fund manager. When was he appointed?

Lead Manager was appointed at launch of the fund

Ian Williams Chartered FCSI (Chartered Fellow of the Chartered Securities Institute) & Chartered Wealth Manager

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). Ian is currently the fund manager of the *HC Charteris Premium Income Fund* and also the manager of the *HC Charteris Gold & Precious Metals Fund*. Ian has been a CityWire A-Rated manager as well as an Alpha Manager in 2011 for top of sector performance for previously managed Gilt 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.

Colin Robertson, MA, MCSI, Investment Manager

Colin Robertson has over 32 years investment management and financial experience. He has held important and influential positions at some of the largest names in the financial sector including Aberdeen Asset Management, Cornelian, Gillespie MacAndrew LLP and Brown Shipley. He has managed clients both on a discretionary and advisory basis in that time, across global markets and all sectors. Colin graduated from Aberdeen University with a MA in accountancy and went on to acquire further qualifications including the London Stock Exchange exams as well as the LSE Private client futures and options exams.

Mark Williams, BA, Investment Manager

Mark graduated from Surrey University with a BA in 2005 and began his career in Investment Management with Forsyth Partners as well as doing work experience for brokerage houses RP Martin and WH Ireland. He joined Charteris in November 2008 as a

Junior Fund Manager assisting with the management of both individual private client portfolios as well as the management of the in-house Charteris funds. Mark was also chosen to be on the front cover of Citywire WM Magazine (issue 386) with in depth feature analysing the performance

Nicholas Taylor, Chartered FCSI, Head of Research,

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 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.

No performance bonus – please refer to the remuneration policy which is available on request

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, 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 Mark Williams, Colin Robertson and Nick 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 UCITS rules

Number of holdings

20-50

Small capitalisation companies

Currently under 5%

Industry exposure

Gold & Silver

Country exposure

Canada, US, UK, Australia

Unapproved securities

No

Warrants

None

Derivatives

None

Collective investment schemes

Permitted to have 10% in a Gold ETF but 0% currently

Uncalled commitments

None

Underwriting

None

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

Between 20 and 50. Yes this is a function of risk management.

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

Yes, Host Capital as ACD of the fund has the responsibility of compliance, oversight, apportionment, and investment management of the company. Host Capital 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 UCITS

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

Non-leveraged diversified exposure to Gold, Silver & Precious Metal shares/listed securities

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 – Host Capital Ltd

Admin – Apex Fund Services Ltd

Custodian/Depository – Citibank International PLC

Transfer Agent – Investor Administration Solutions Ltd

Auditors – Grant Thornton UK LLP

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 and Silver.

5.2 What factors have contributed most to the performance of the fund over the past six months?

Stock selection, the price and volatility of the precious metals markets as well as currency movements

5.3 How well do you think that the fund is currently placed given your outlook?

Throughout the fund’s existence, it has always been volatile but our global view of the world, how it’s investing and the part gold, silver and precious metals have to play has not changed very much. The Fund is placed to benefit from any potential rise in the price of Gold & Silver prices and holds good stocks with strong fundamentals

This presentation is issued by Charteris Treasury Portfolio Managers (CTPM) which is authorised and regulated by the *Financial Services Authority (FCA)* No. 114952.

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Past performance is not a guide to future performance and investors may not get back the full amount invested.

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