

CARDALE | Asset  
Management

investment management • stockbroking • capital planning

# Discretionary Investment Management Service for Intermediaries



## *Client Focus*

Cardale Asset Management was formed in 2003 with its roots dating back to the 1970's. The business is renowned for its highly qualified employees, a bespoke investment approach and a focus on the quality of its service.



## *Secure and Stable ownership*

Cardale has one of the strongest balance sheets, relative to its size, in the industry with high capital adequacy and solvency ratios. It is an independent company that is owned by its directors, staff and former employees. The infrastructure has been built on the basis of ownership, control and prudence. We do not outsource any of our functions which provides us with a platform that many businesses can not match. We are particularly proud of the quality of our employees, who offer the resources, skills and security demanded by our clients.

## *Discretionary Investment Management Service for Intermediaries*

Our objective is to provide you with a discretionary investment management service which invests your clients' monies in one of Cardale's five standard risk defined portfolios, so putting this aspect of your professional relationship with your client in the trust of a specialist third party i.e. Cardale.

The intention is to provide a pure private client service for you on behalf of your clients as an alternative to using industry standard multi-manager style institutional products.

This service provides you with the ability to retain complete control of your clients whilst taking advantage of Cardale's discretionary investment management infrastructure and expertise.

This service has been specifically created for intermediaries and their clients who require a cost effective and well managed portfolio of investments, which are designed with a focus on strong long term risk adjusted returns.

All our standard portfolios are reviewed on a daily basis by our in house research team. Whilst our asset allocation process is driven by 'Modern Portfolio Theory', we also build in tolerances to reflect our economic and asset allocation views and to provide dynamic asset allocation across all portfolios.

Our funds are benchmarked against recognised indices.

Our investment management service is supported by robust administrative procedures and a strong compliance culture.

## *Our Investment Service for you and your clients*

It is important to emphasise that:

- You retain complete control of the client relationship
- Cardale will not be directly involved with your client
- You, the intermediary, are the client of Cardale

Portfolio reviews and valuations of your clients' portfolios are produced at three-monthly intervals with any changes to the portfolio fully explained. The management of the standard portfolios will be on a focused, clear and transparent basis and will be rebalanced on a real time basis.



We have created five different standard portfolios to suit the risk profile of your client. All portfolios have either a capital option, where income generated is reinvested, or an income option, where income generated is withdrawn.

A facility is available to run a Stocks & Shares ISA alongside the main portfolio; both portfolios will be managed as one for the purpose of asset allocation.

Each of the standard portfolios offered to your clients will only invest in unit trusts, OEICs, ETF's, mutual funds and cash, with the exception of our Aggressive Portfolio which will include direct equities.

## The Portfolios

**“Defensive”** portfolio for low risk clients

**“Cautious”** portfolio for low/medium risk clients

**“Balanced”** portfolio for medium risk clients

**“Active”** portfolio for medium to higher risk clients

**“Aggressive”** portfolio for high risk clients

Our aim is to maximise returns whilst minimising risk

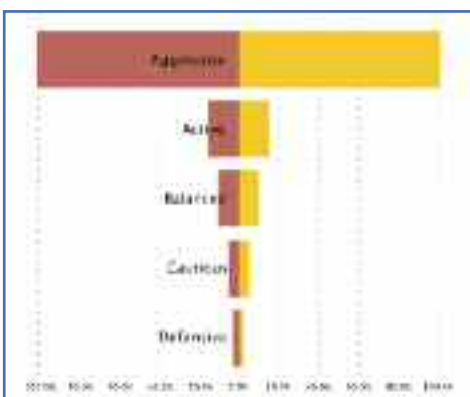
Our performance in 2009 was comfortably ahead of our APCIMS benchmark but most importantly it was achieved with less volatility

## Our approach

Whether investing in bonds, equities, collectives or commodities we are patently aware of the volatility, risks and rewards in all the major asset classes.

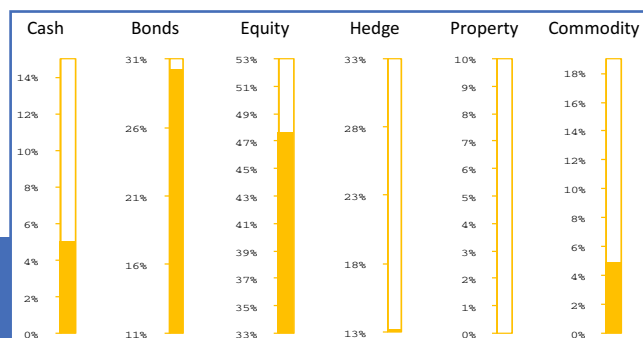
Our macro-economic research and detailed modelling allow us to construct portfolio asset allocations that we believe will generate the most attractive risk adjusted returns. We then build in tolerances to these asset allocation models in order to generate a powerful investment management process that can react to an ever changing financial landscape.

Built in tolerance levels



As the risk profile of the underlying client increases, so does the tolerance level. This enables the investment manager to actively manage the portfolio within a set risk budget.

The level of risk exposure within the portfolio is monitored on an ongoing basis in order to ensure that clients are not subject to a greater level of risk than they are comfortable with.

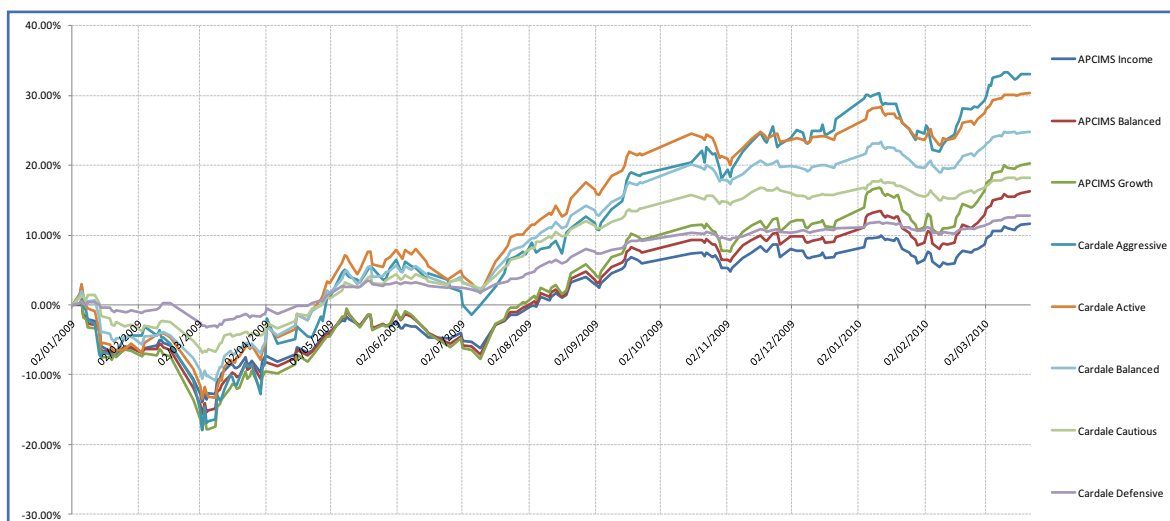


## Research Team

The portfolio constituents are monitored on a constant basis by our research team and holdings may change regularly depending on both our asset allocation decisions and our views on the most suitable investments to capture the best risk adjusted returns.

Each of the products is researched, selected and monitored by our investment committee based on our bespoke in-house asset allocation models. Our investment team have in excess of 100 years of investment experience (over twenty years per person).

## Risk and Performance in 2009



- Our aim is to maximise returns whilst minimising risk
- Our performance in 2009 was comfortably ahead of our APCIMS benchmark and it was achieved with less volatility. Of particular note, was our Sharpe ratio of 2.18
- The Cardale conviction list outperformed the FTSE 100 by 9% in 2009
- Our medium/high and medium/low portfolios also outperformed their APCIMS benchmarks by 8% in 2009
- Market volatility (standard deviation from mean) was 9.5% vs Cardale at 8.9%

## Compliance, Legal and Risk

This brochure has been issued and approved by Cardale Asset Management Limited, a Member of the London Stock Exchange and regulated by the Financial Services Authority. It is to be read only by professional financial advisers, for whom it has been specifically produced and to whom it is distributed and, at their discretion, their clients. It is not to be generally distributed to the public.

The information in this section contains the legal and regulatory restrictions which apply to the service we offer and which are referred to in this document.

The brochure should be read in conjunction with the relevant terms of business document.

Nothing in this document shall exclude, limit or restrict our duties and liabilities to you under the Financial Services and Markets Act 2000 or any related conduct of business rules with which we are bound to comply.

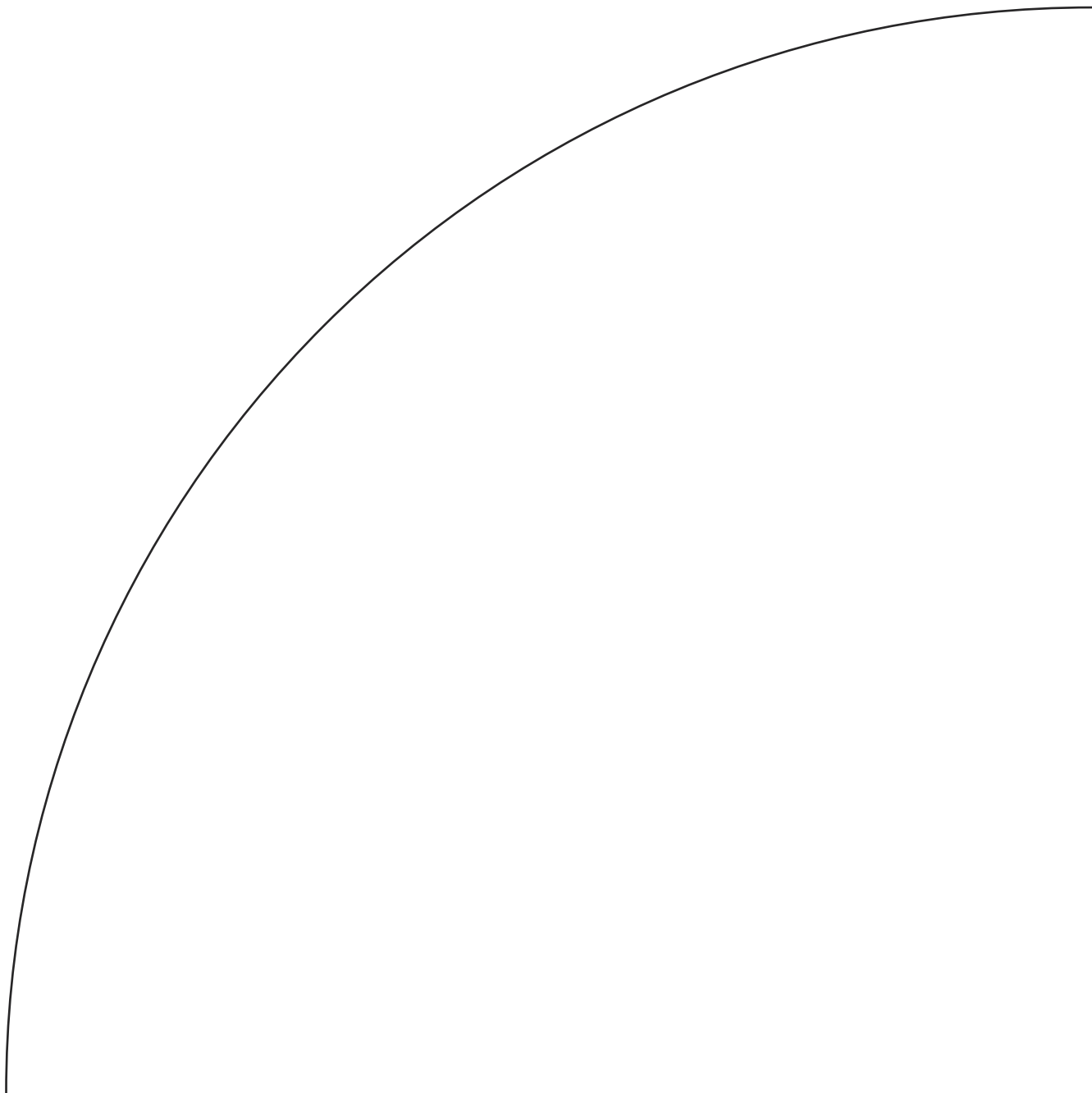
We would particularly draw your attention to the following general risk factors which apply in respect of the service we provide and any advice we might offer:

- This document should not be construed as an offer, or the solicitation of an offer, to buy and/or sell any securities
- The price of securities and the income paid on them may fall as well as rise. For these reasons, investors may not get back the amount originally invested
- Past performance cannot be taken as a guide to future performance
- The level and bases of taxation can change
- Changes in rates of exchange may cause the value of overseas securities to fall or rise
- If you do not consult us for advice, please ensure that you have considered fully and to your entire satisfaction the suitability of any form of investment referred to in this publication in the context of both your clients financial situation and investment requirements

### Security and Compensation

Cardale Asset Management Ltd is participant in the Financial Services Compensation Scheme established under the Financial Services and Markets Act 2000 which, subject to certain exceptions, provides limited compensation in respect of eligible liabilities if the firm is declared in default. At the date of publication the compensation scheme covers the first £50,000 of a valid claim in full. For joint investments, both partners would be eligible to receive up to a total of £50,000 each. The right to claim under this scheme will only arise if you qualify as an eligible investor for the purposes of this scheme.

Cardale Asset Management Ltd has arranged, via HSBC, errors and omissions insurance, which provides cover of up to £2 million in respect of each and every claim with an aggregate of £4 million in total, and direct financial loss insurance, which provides cover of up to £6 million for each and every loss.



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