



Fundamental Asset Management Limited

What is your corporate background?

Fundamental Asset Management Limited is an independent, owner managed investment management firm with an unrivalled knowledge of the AIM market. It has successfully provided AIM Portfolio Management with Inheritance Tax planning to private investors, trusts and institutions for over 10 years.

Why should I consider using your Discretionary Fund Management service?

Fundamental has been managing portfolios of BPR qualifying AIM stocks since the firm's formation in 2004 and can demonstrate an outstanding track record. The service was initially seeded with the company management's own family money and has now developed into a core offering with well over 100 clients and approximately £20 million of assets under management.

The portfolios have returned c180%* since inception despite the AIM index falling c70% in 2007/8. The portfolios have returned 9 positive years out of 11 and have outperformed most major equity indices.

Unlike many of our competitors, Fundamental is an independently owned portfolio manager focussing solely on researching and managing smaller company portfolios for clients. We do not engage in stockbroking nor corporate finance and are the only firm to have researched every company on AIM to ascertain whether they qualify for BPR and to make the results available online.

We are the only firm, to our knowledge to offer hedged portfolios with the intention of preserving capital and reducing volatility. We were also one of the first firms to offer the BPR product on a variety of platforms.

What is your approach to discretionary fund management?

The Investment process starts with an initial stock screening with the primary criteria being AIM qualification, P/E, PEG, dividend yield (and cover), strong insider ownership, management experience, market capitalisation and stock liquidity. The objective of this screening process is merely for idea generation and does not, alone, constitute a reason to invest.

Once the screening process has generated some ideas, the next stage of the process is to analyse the strategy of the business and to gather as much information as possible on what the company is trying to achieve/sell. This may include products, manufacturing, sales targets, operation of sales outlets, customers. This information is generally found on their website or in related publications.

Stage three is analysis of the financial statements and to gain a clear understanding the balance sheet, P&L and cash flow statements. Any areas that aren't clear are highlighted in preparation for the meeting with management of the company. If our findings are satisfactory, then we will arrange a meeting with the management of the company.

Meeting the management is where we feel that we add most value. We believe that it is only at this stage that an investor can really understand the strategy of the business, gain confidence in the management, and see the real potential (positive or negative). We will not take a position to core size until we have met with the management.

Once the portfolio is constructed, Fundamental manages it on an ongoing basis, replacing holdings as necessary if they no longer represent investment value or if they are in danger of losing their qualification for exemption from IHT. Active management of AIM IHT portfolios is allowed but must be done within certain rules.

What investment solutions can you offer through the Nucleus platform?

We currently offer a portfolio of AIM listed securities which qualify for Business Property Relief and therefore would be outside of one's estate after two years for IHT purposes.

What are your fees?

We charge an annual management fee of 1% per annum.

Who should I contact to discuss the service further?

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