



Adding value through active management

October 2007

BLOXHAM 



Thank You



Agenda

- Recent Market Events
- High Yield Fund
- Logic
- Summary



Recent Market Volatility

A Brief History Of The 2007 Banking Contagion

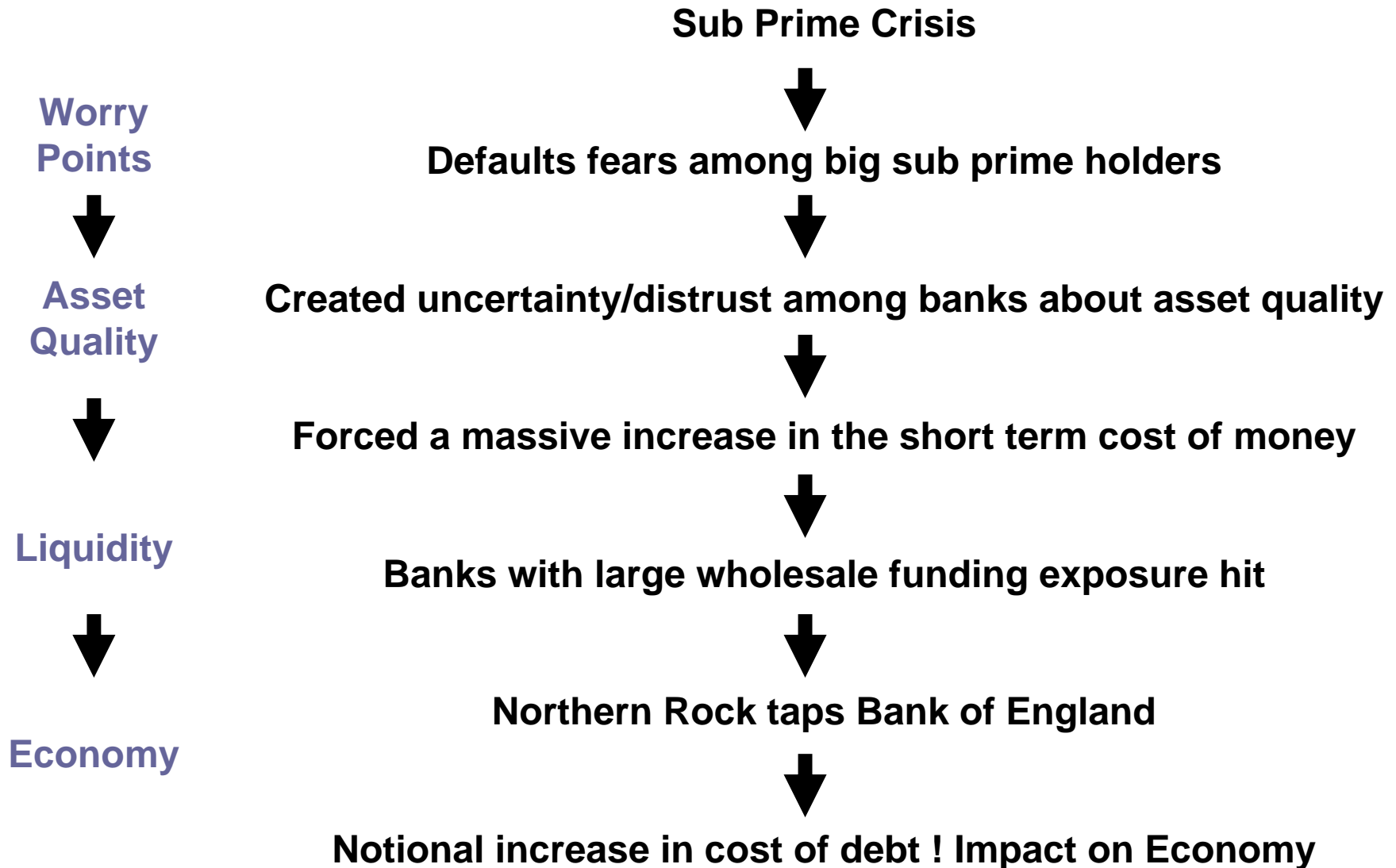
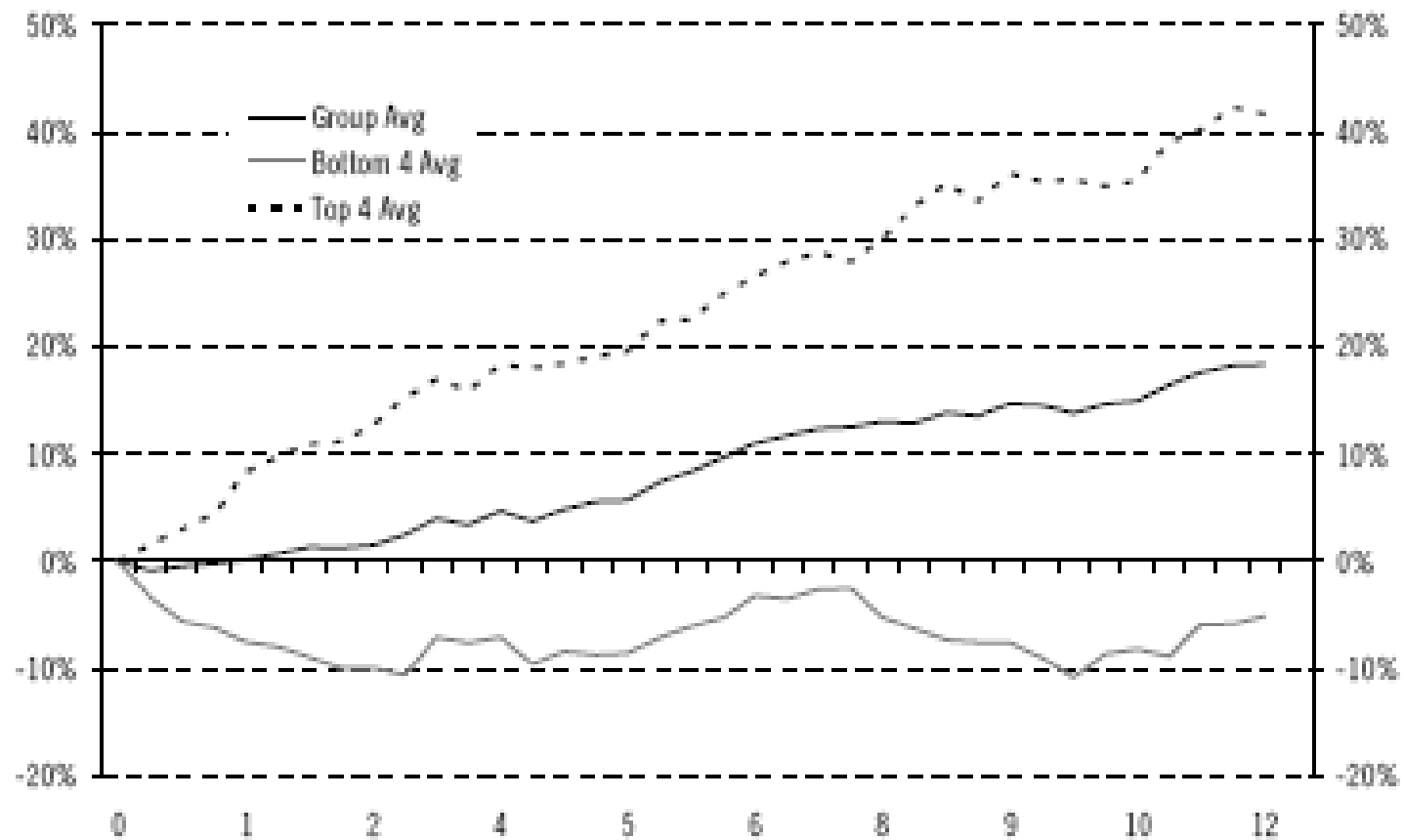


Figure 1. Global Equity Performance In 12m Following the First Fed Cut (14 Samples Since 1974)

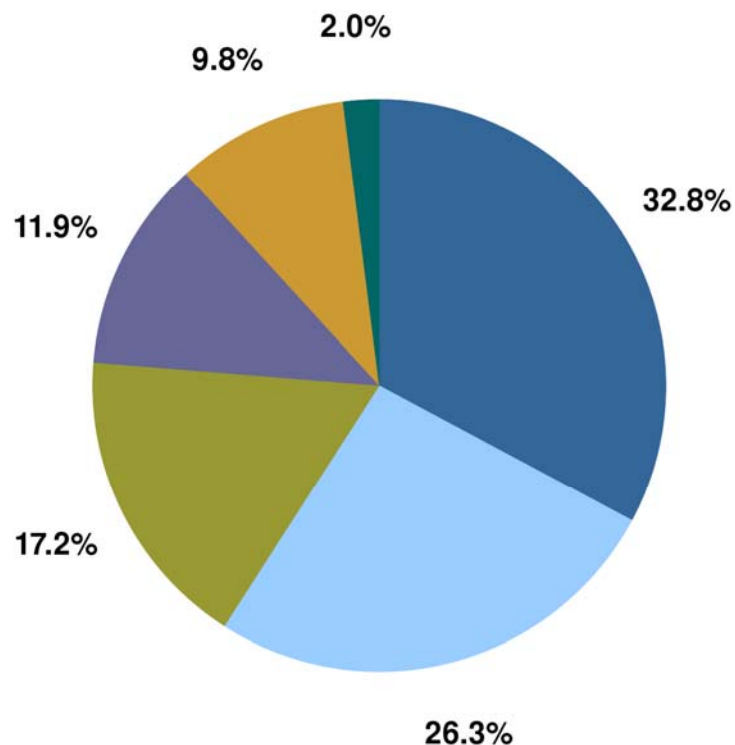


Source: Citigroup Investment Research



The High Yield Fund

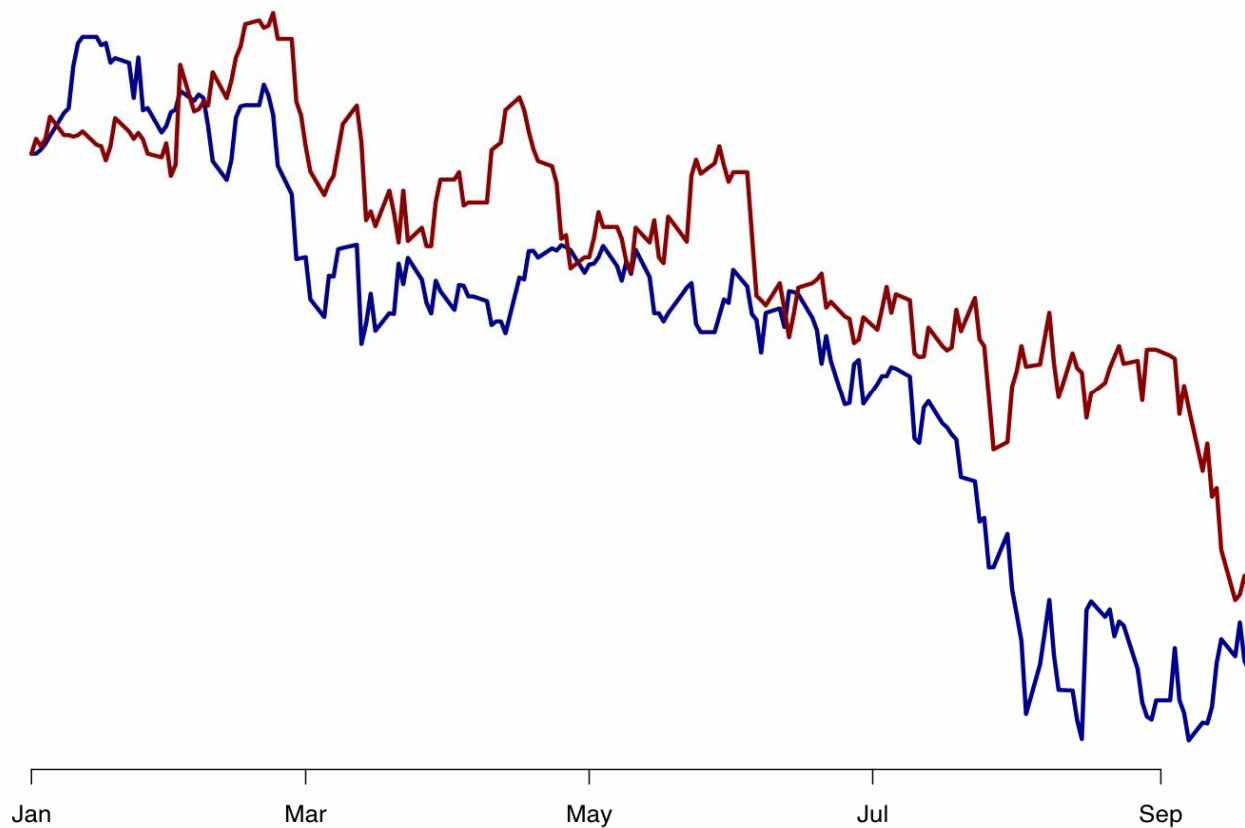
High Yield (19 Sep 2007)



UK	32.8%
Europe	26.3%
Ireland	17.2%
North America	11.9%
Cash	9.8%
Asia	2.0%

A Tale of Two Banks

Bear Stearns, Irish Life & Permanent Share Price Movement (in EUR) 2007



Source: Bloomberg

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Irish Life & Permanent – Exposures and Implied SOTP from Current Share Price

Irish Life & Permanent SOTP – Dec Yr End	€m Attributable Profit	P/E	Valuation	€ Per Share
Life & Pensions	286	12.0	3,432	10.92
Irish Permanent TSB	198	1.8	363	2.88
General Insurance	38	9.0	342	1.24
Total Business	522	7.9	4,137	15.04
Div. Yield				4.92%

**20% of profits exposed to Irish residential mortgages, bank trading at 2X
despite potential Capital Release of €900 million!**

Bloxham High Yield Fund

- 12% dividend growth per annum

- €100k investment in October 2002
 - Was generating €4,200 in dividend
 - Now generating €7,200 in dividend !!
- Value of investment now - €185,000

Dividend Growth Still Coming Through

<u>Company</u>	<u>Dividend Increase Announced</u>	<u>Company</u>	<u>Dividend Increase Announced</u>
AIB	*+10%	HSBC	+13%
Barclays	+10%	Lloyds TSB	**+5%
BATS	+18%	J&J	+7%
Bank of America	+14%	Pearson	+5%
General Electric	+12%	Rexam	+5%
HBOS	+23%		

* CEO buys €2.8m

** First rise in 5 years



imagination at work

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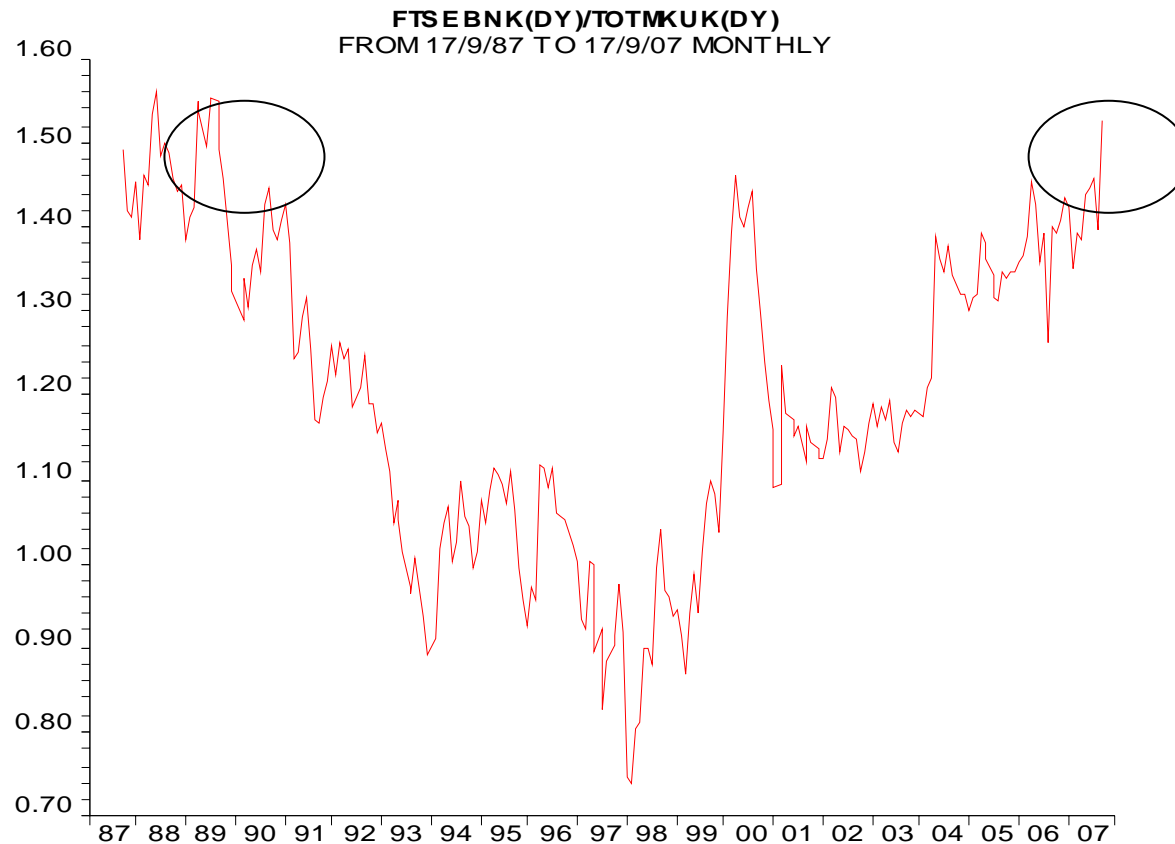
The '5%+ 2008 Dividend' Club

Stock	Estimated 2008 Yield	Stock	Estimated 2008 Yield
Bank of America	5.9%	Dixons	7.0%
Barclays	6.4%	HBOS	6.5%
BNP	5.3%	HSBC	5.7%
Bank of Ireland	6.0%	Lloyds	7.6%
British Telecom	5.7%	Pfizer	5.5%
Citigroup	5.5%	RBS	8.3%



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UK Bank Valuations : Dividend Yield V Market



Source: Thomson Datastream

UK Banks – Relative dividend yield back to levels not seen since 1988!!

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Sector Strategy

Deep Value Banks -	Irish Banks
‘Safe’ Financials -	European Insurers (Aviva, AXA)
Defensive Growth -	Tobacco (BATS, Altria) Food & Beverages (Unilever, Diageo) Utilities (EON, RWE) Education (Reed, Pearson) Pharmaceuticals (Glaxo, J&J)
‘Momentum’ -	Commodities (BP) Asia (HSBC, Swire, PPR) Environmental (Suez)



Logic - Long Only Global Investment Core

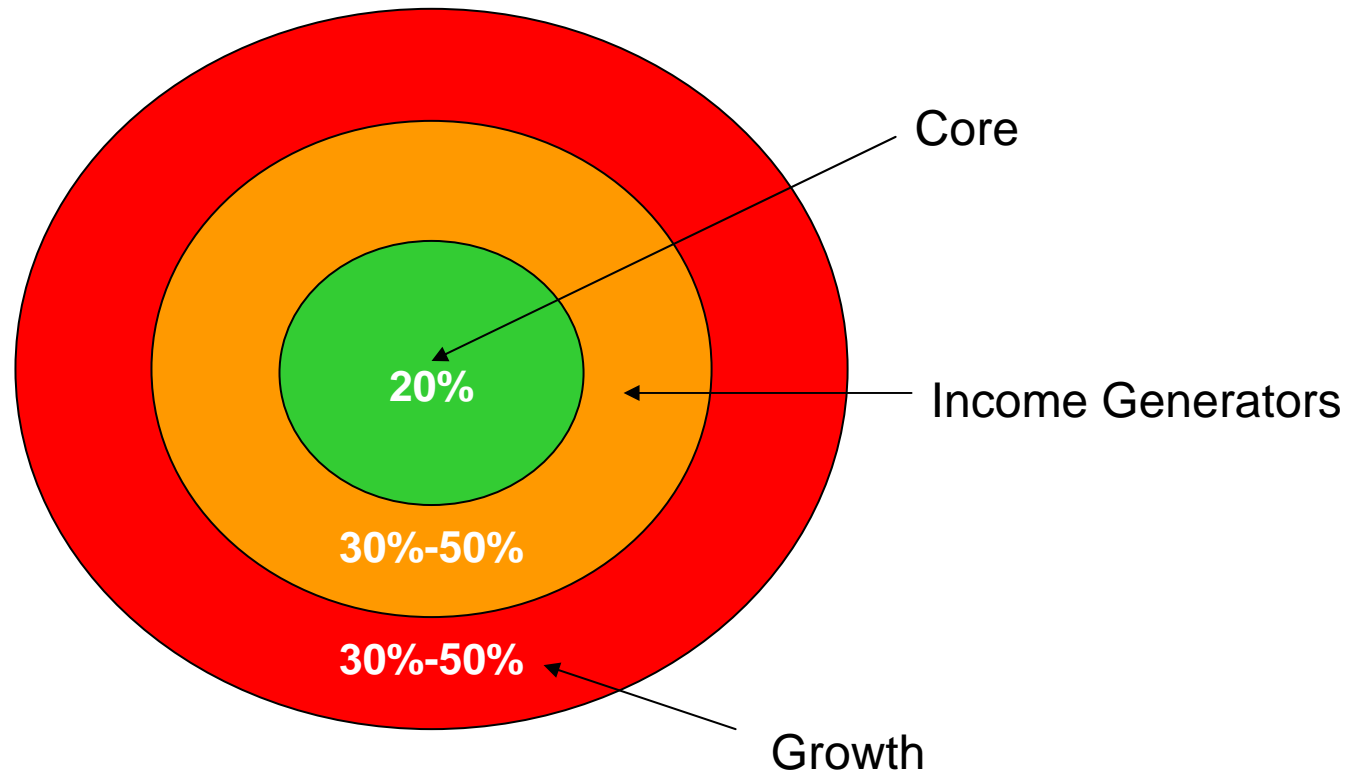
A one stop investment service for
Advisors



The Investment Market

- Hundreds of funds provided by a wide range of companies
- It can be difficult to differentiate between them
- They are becoming more complex
- Investment conditions change!
- Regulation

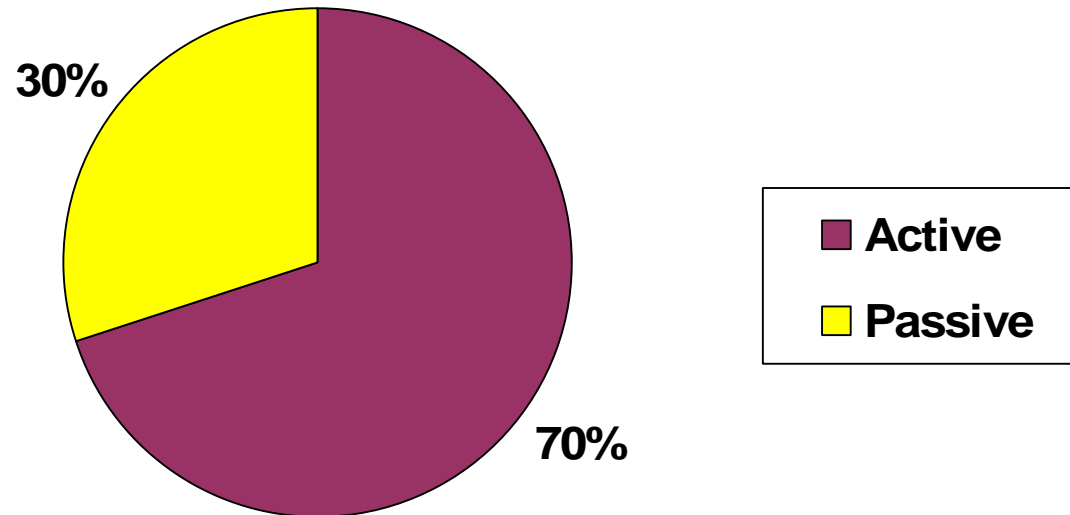
Three parts make up the whole



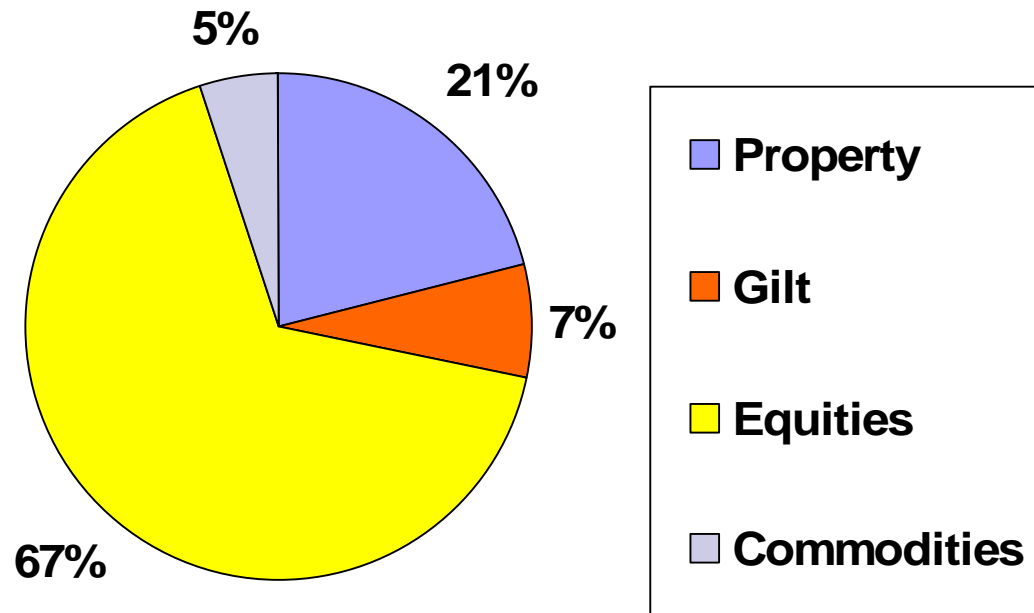
LOGIC – Initial Asset Mix

Type	%	Funds
Banker	20	ILIM Consensus
Income Generation	30	ILIM Property ILIM UK Property Bloxxham High Yield Indexed Euro Gilts
Complementary Specialist Funds	50	ILIM Global Opportunities Fidelity European Fidelity Global Property Bloxxham Contrarian Fidelity India & China Indexed Commodities

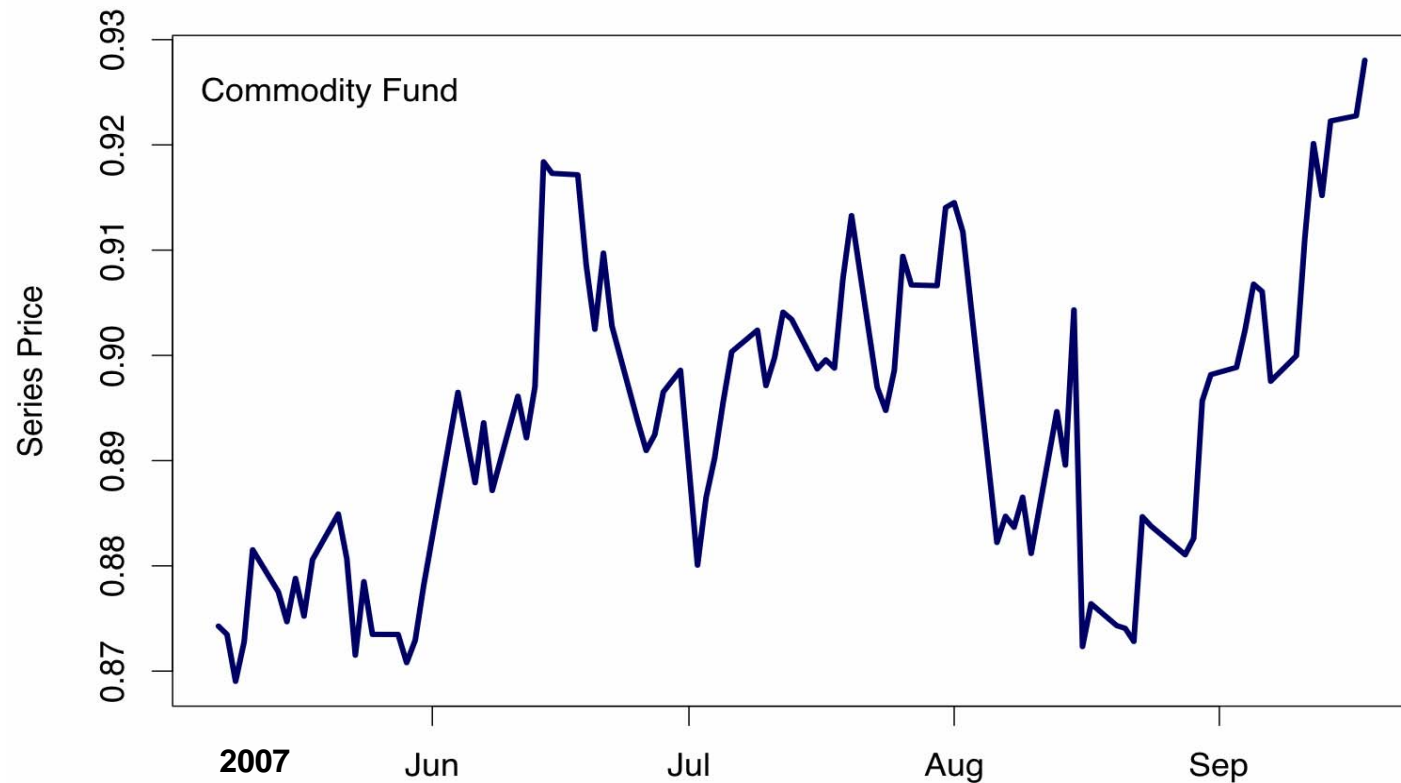
LOGIC - Active & Passive combined



LOGIC - Initial Asset Mix

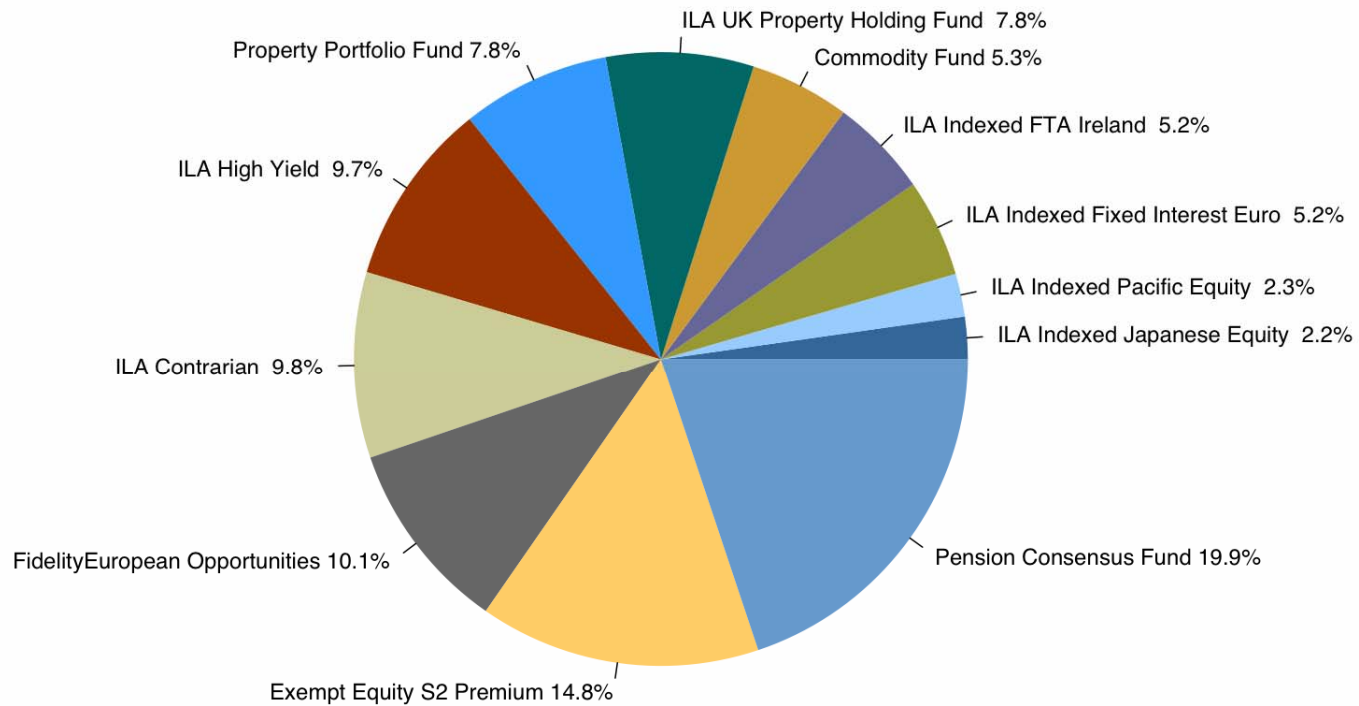


Commodity Fund Price History



Source: Irish Life

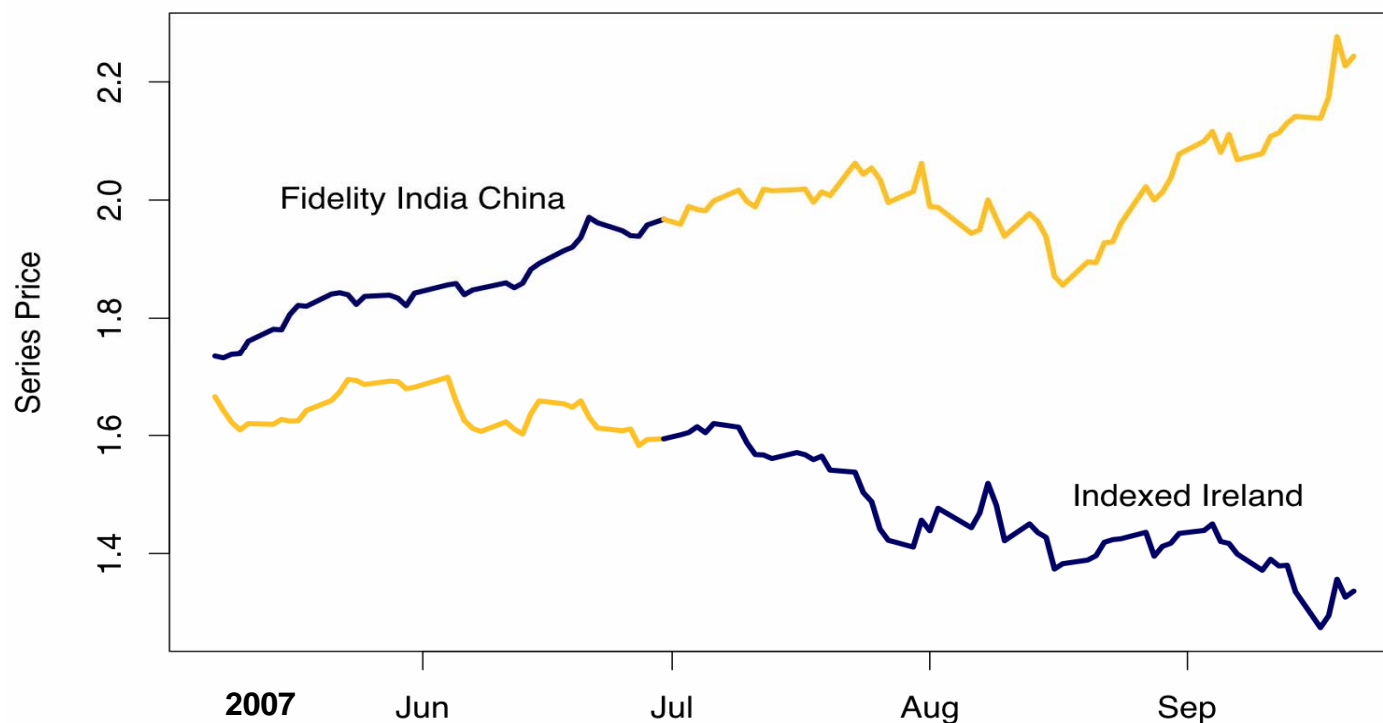
LOGIC Current Mix



Four steps to managing Logic

- Analyse the outlook for each asset class
- Identify the appropriate amounts for each of the three parts
 - Core
 - Income
 - Growth
- Choose the mix of funds and managers for the “income” and “Growth” parts
- Regularly review steps 1 - 3

Sold India/China Bought Ireland



Source: Irish Life


Logic – Making your life easier





Why Bloxham?

- Investment funds that make sense
- Investment products that cater to every taste
- Adding value through active management
- Performance driven



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