

B R E M N E R
C A P I T A L
M A N A G E M E N T

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Bremner Capital Management	A global investment firm looking to generate alpha through the careful selection of opportunistic long/short equity positions, formed on the basis of overarching macro views, and an emerging markets expertise
Background / Investment Team	Founded by former Atticus Capital Partner Dr. Chris Bremner Chris was the portfolio manager of the Atticus Emerging Markets Fund Investment Team has been identified
Investment Philosophy	Fundamental, thematic value-driven approach to stock selection after taking macro view Dual analysis fosters opportunistic investing; adopting both top-down and bottom-up approaches to maximize return. Setting risk guidelines and managing risk holistically Global fund that will opportunistically allocate
Investment Strategy	Top-down thematic approach, identifying areas of significant economic/social change to identify compelling and actionable investment themes. Bottom up analysis to pick 30-80 optimal stocks (liquid market large-caps) to play these themes
Investment Objective	To generate superior, sustainable, risk-adjusted, absolute returns through equity and equity derivative products Targeting 25% returns over the cycle, with a volatility of 12-14%
Alignment of Interests	Partners contributing significant day one capital to the fund
Focus On Risk	Risk management, alignment of interest and capital preservation are integral to, and drive, the Firm's investment approach. Bremner Capital Management will implement a Triple Risk Overlay.
Track Record	Portable track record from Atticus Emerging Markets Fund (June 2003 to December 2008) Annualized +16.8% net over the cycle, with a volatility of 12%
Terms	Lower fees, alignment of interest, special <i>Phoenix</i> share class, dividend and non-dividend class of shares, hurdle rate - LIBOR + 300bps

Dr Chris Bremner

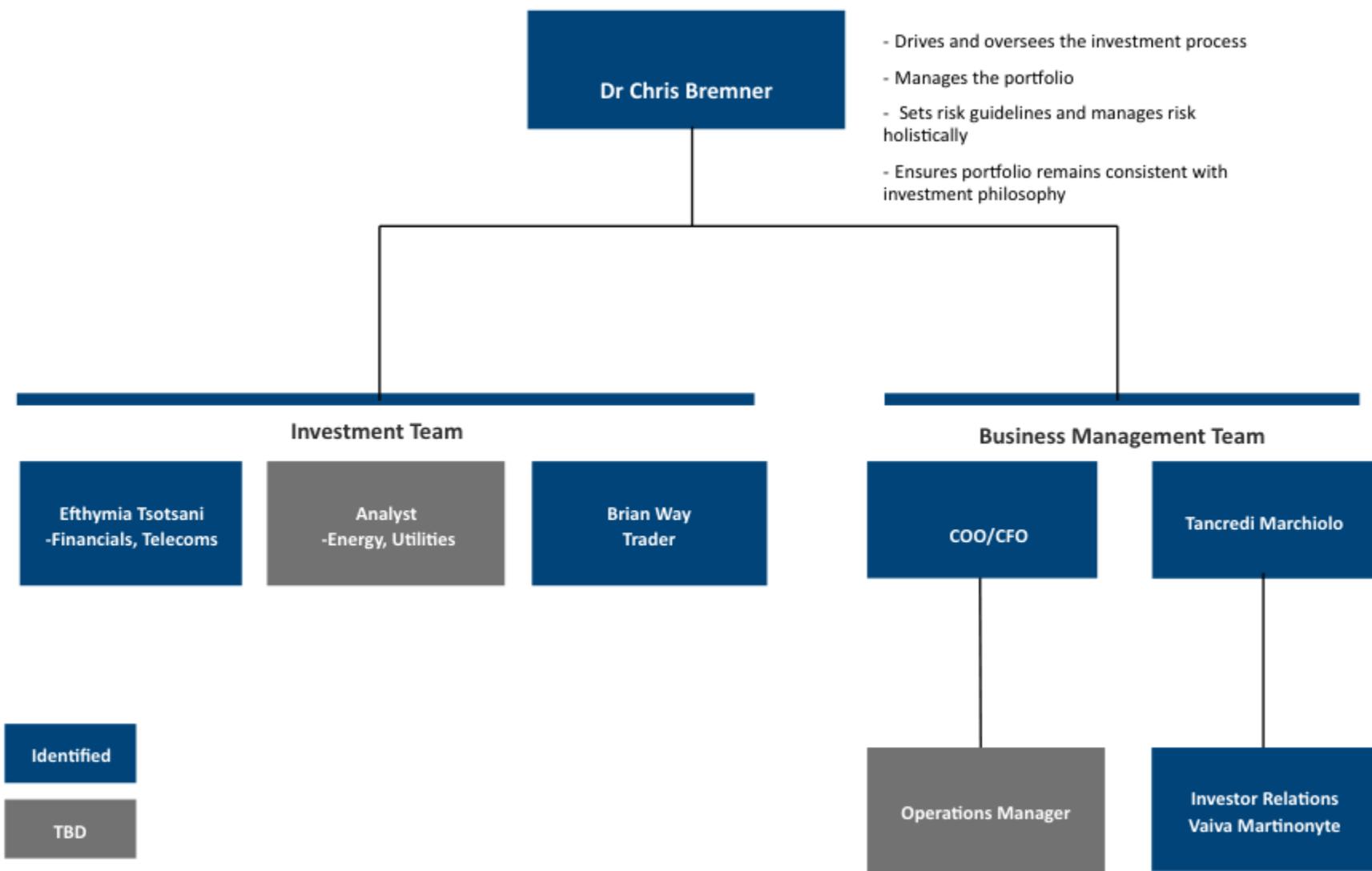
Dr Bremner has over 20 years of experience investing in Emerging and Developed Markets as a portfolio manager.

Dr Bremner's previous professional experiences include serving as:

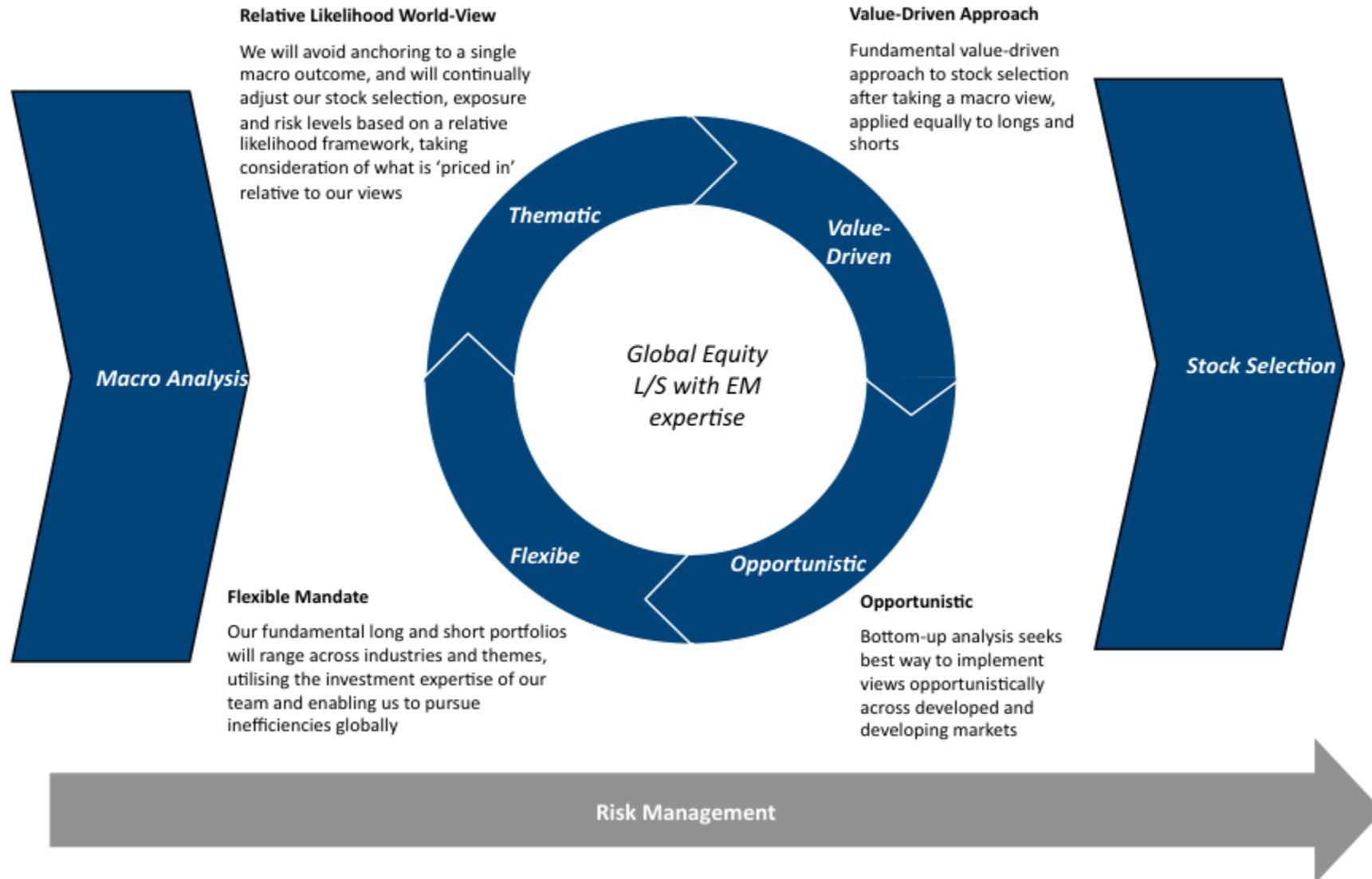
- Portfolio Manager of Atticus Emerging Markets fund, Ltd since its formation in June 2003 to December 2008
- Managing accounts for a number of well known hedge funds based in New York as third-party manager from 1998 to 2002
- Serving as Chief Investment Officer of Oppenheimer (Bermuda) Ltd from 1994 to 1998
- Managing funds for Bankers Trust Australia Ltd from 1988 to 1994

Dr Bremner holds a medical degree from the University of New South Wales and is a private investor with passive non-controlling interests in a biotechnology company specialized in RNDNA interference and an engineering company specialized in magnetic technology. Dr Bremner has consulted a number of governmental organizations in the field of quantum physics and artificial intelligence throughout his career and is an active philanthropist in the fields of medicine and science.

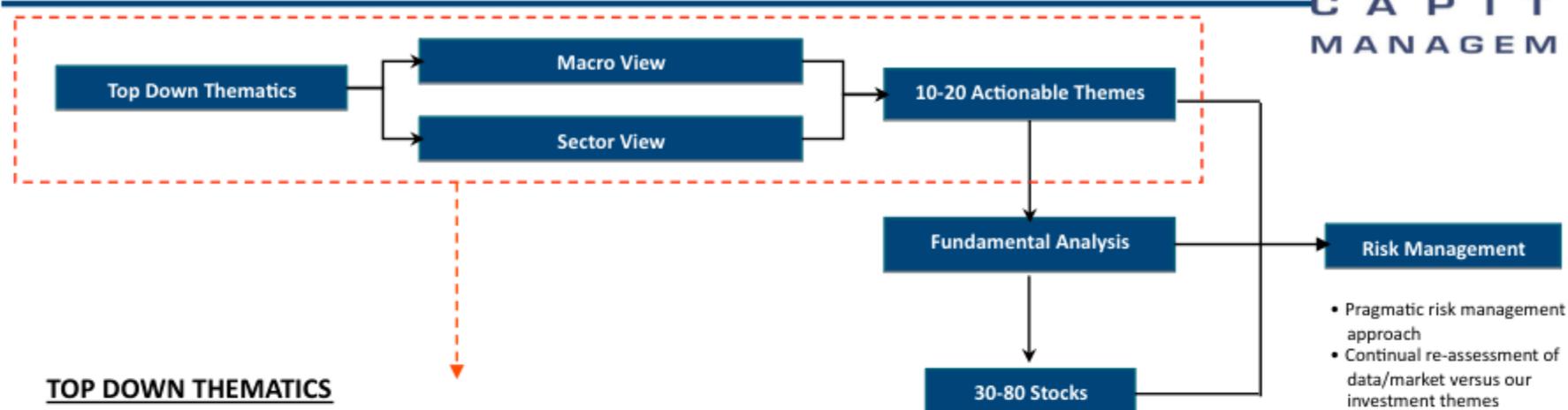
Team Organisational Chart



A rigorous, fundamental, value-driven investment approach to stock selection after taking macro view



Investment Process – Macro Idea Generation



TOP DOWN THEMATICS

Research and identify 10 – 20 compelling and actionable investment themes

MACRO VIEW - research & identify global macro themes

Key Input: Established and proven global network of industry leaders, politicians, bankers, and suppliers

Analysis of Money Supply raw data through independent valuation models, disregarding common broad money supply measures. Use of:

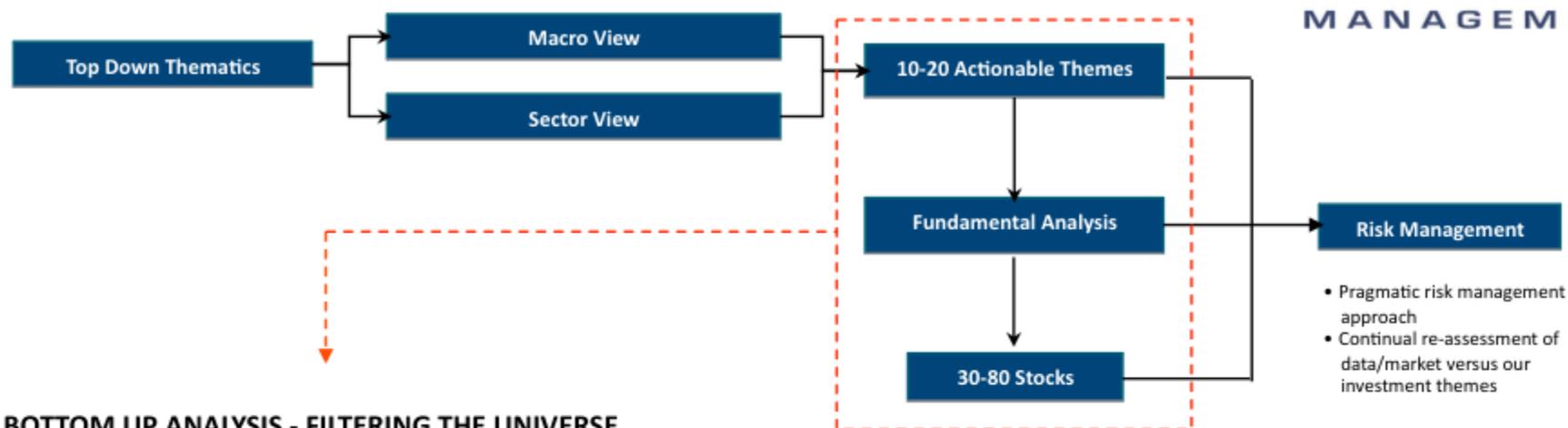
- Net bank lending
- Implications of velocity on money

Subsequent effects on net credit creation, timing lag, and reflection on asset price trends

SECTOR VIEW – research & identify areas of significant structural change

Key Input: Use extensive and well developed global network of contacts to identify changes and shifts in economies, markets, industries, demand structures, and supply chains

- **Regulatory:** Sector specific changes, updates, changes in focus, precedents
- **Technological:** Developments, new trends, updates, omissions, failures
- **Industry Specific**
- **Political:** Change in governments, policies, views, public opinion, current/capital account and relationship with industries
- **Demographic:** Migrating populations, birth/death rates, demand structures



BOTTOM UP ANALYSIS - FILTERING THE UNIVERSE

Search for 30-80 optimal stocks to play the themes in the most simple and liquid way

Use of bottom up fundamental analysis to look at stocks with a **long term perspective**, to identify stocks that will be **most** sensitive to the themes identified as a result of the macro and sector analyses, independent of short term market dynamics

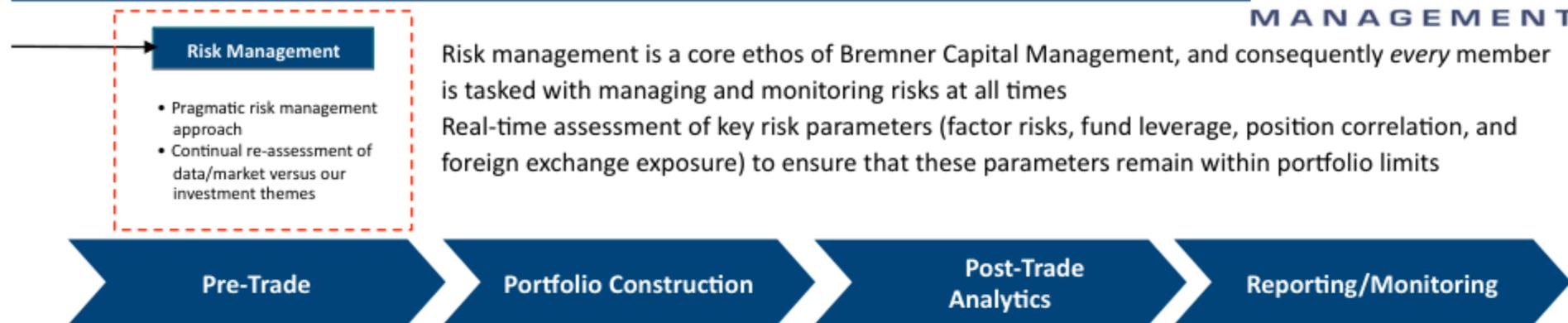
FUNDAMENTAL ANALYSIS

Established team of portfolio manager and analysts with sector specialization, and core skills in fundamental analysis.

- **Industry Experts** – established and proven global network among industry thought leaders, politicians, bankers, suppliers
- **Corporate Access** – collaborative management relationships have been developed over many years of covering companies
- **Financial Modelling** – business drivers, income statement, cash flow statement, balance sheet. Emphasis on cash flow and balance sheet
- **Street Research** – gauge consensus, source financial data

VALUE INVESTMENT PHILOSOPHY - valuation indicators used

- **Intrinsic Value:** Calculation of intrinsic value for a security based on discounted free cash flow formulation. Looking to purchase stock at significant margin of safety discount to this fair value
- Extrapolation of the dividend discount model
- **Cash flow multiple. Look for low:**
 - Price/Cash Flow
 - EV/EBITDA
- **Focus on balance sheet assets. Look for low:**
 - Price/ Book Value
 - EV / Invested Capital
- **Earnings. Look for low:**
 - P/E
 - P/E / Growth



Risk management is a core ethos of Bremner Capital Management, and consequently every member is tasked with managing and monitoring risks at all times
Real-time assessment of key risk parameters (factor risks, fund leverage, position correlation, and foreign exchange exposure) to ensure that these parameters remain within portfolio limits

Names enter the portfolio at the discretion of the CIO and are sized according to:

- Conviction levels
- Risk/reward analysis
- Liquidity, ability to exit
- Inherent risk or volatility of stock
- Within the boundaries of the portfolio limits outlined overleaf

Gross Exposure	Max 300% / Typical 130%
Net Exposure	Max 150% / Typical +65%
Limit: Sector	Max 30% in any one sector
Limit: Top Ten Names	Max 50% of NAV

The COO performs the role of Chief Risk Officer (CRO)

- The COO is tasked with monitoring and reporting risk limits to the CIO on daily basis
- The COO presents all positions to the CIO on a weekly basis, highlighting any risk limits that are being approached
- The COO reports to the board on an ongoing basis, any breaches of risk limits, and how these breaches were managed

RISK / REWARD ANALYSIS

- This is the appropriate metric to appraise the risk / return profile of each individual position – maintained and reviewed on a continuous basis for each position

RISK

- Downside risk from current security price to downside protection
- Downside protection can be ascertained, for example by strong technical support levels on the stock price chart, or compelling value on a fundamental basis

REWARD

- The upside from current security price to target price, derived from fundamental analysis of intrinsic fair value. Fair value periodically reviewed, as good quality companies increase intrinsic value over time

CORRELATION

- The extent to which positions vary together and are correlated will be monitored using Prime Brokerage risk reports and a Barra risk framework to track factor risks and potential correlations
- For new positions, correlation with the existing portfolio is determined before adding the position to the portfolio. Reduction in overall portfolio correlation is desirable as risk is reduced

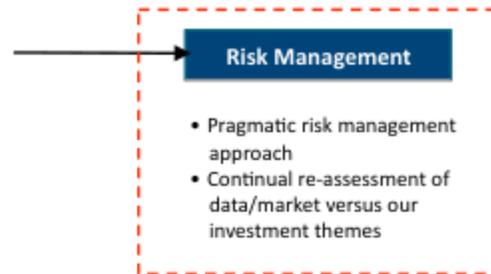
RISK REPORTING -  **SRL Global**
Monitor • Measure • Manage

Bremner Capital Management will implement a full transparency approach using an innovative reporting/monitoring tool

- Increase transparency and oversight with intelligent alerts
 - ✓ Compliance and style drift monitoring
 - ✓ Investment concentration monitoring
 - ✓ Adherence to investment management guidelines
 - ✓ Investment exposure, monitoring and extreme market scenario analysis
- Tighten operational processes
 - ✓ Shadow valuation across all investments, both in-house and third-party for daily NAV (estimation)
 - ✓ Fund allocation transaction management and bookings rebalance and cash flow forecast
- Decision support
 - ✓ What-if analysis
 - ✓ Factor sensitivity analysis

- ✓ Sensitivity analysis , identify main risk contributors to risk
- ✓ Factor decomposition and VaR, R2 for overall fit
- ✓ Scenario analysis and stress test (empirical and factor)
- ✓ Risk decomposition: marginal VaR and component VaR
- ✓ Empirical VaR - VaR, modified VaR, CVaR (expected shortfall)
- ✓ Factor VaR - VaR, modified VaR, CVaR (expected shortfall)
- ✓ Proxy portfolios and fund replication with daily pricing
- ✓ Position risk calculations (greeks)
- ✓ FX exposure monitoring
- ✓ Position and trade level information
- ✓ Fully integrated and interactive reporting engine (web/ipad)





Managing Entry/Exit points of trade

Adjust portfolio to have highest conviction and best risk/reward positions as largest in the portfolio

MACRO – Trade entry/exit points are assessed based on the macro environment

Thesis: The extent of monetary stimulus, especially the rate of change of the money supply, impacts financial asset prices, typically with a lag of 6-9 months.

Strategy: Use purchased third party data (central banks (money supply, quantitative easing), net bank lending, movement in current account) to forecast the rate of change of the money supply. Use of 2nd order derivatives.

Objective: To develop a monthly risk-on/risk-off indicator to use in both sizing trades, and timing of entry and exit points

MICRO

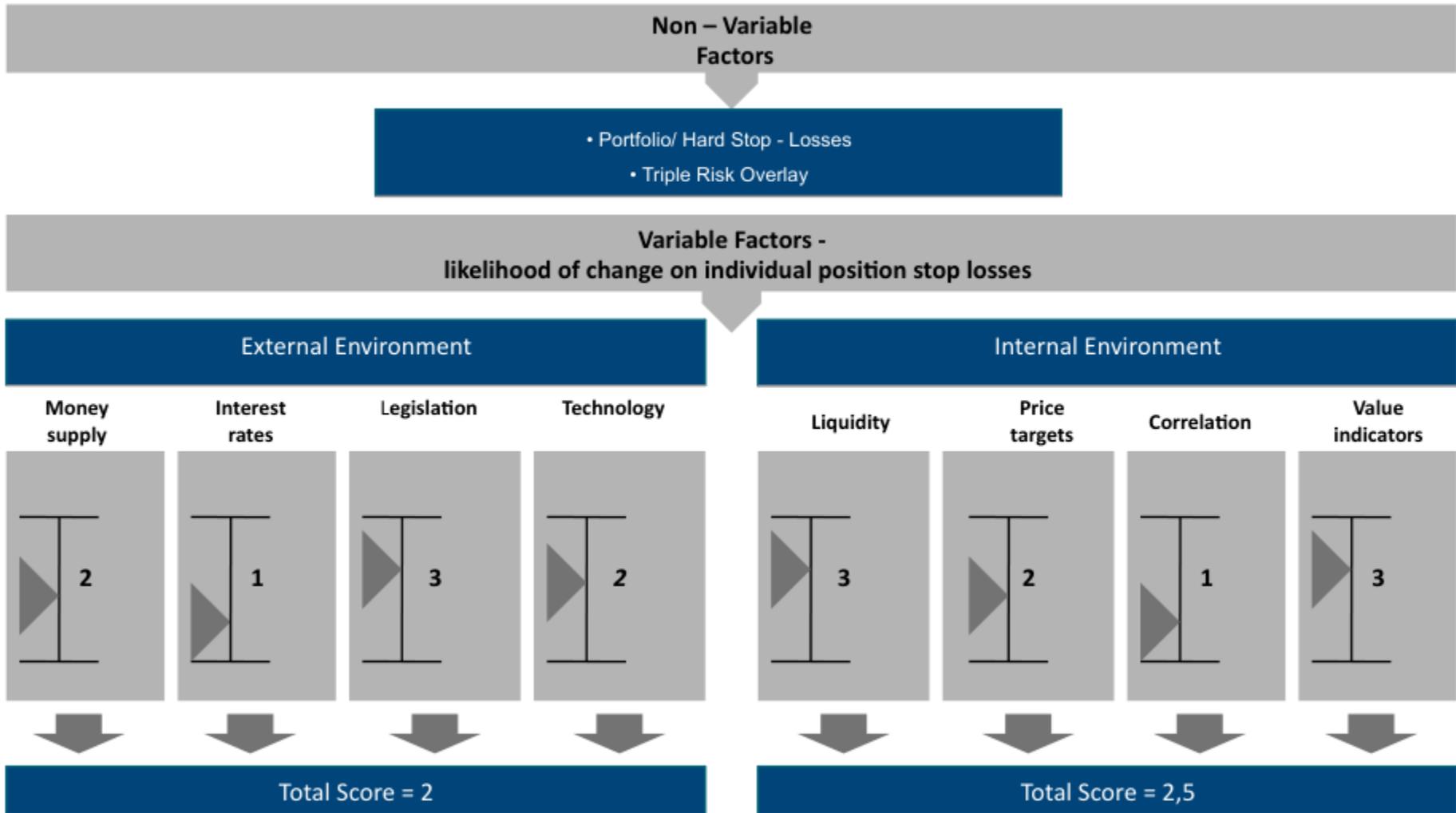
Entry:

- **Entry price** – to offer significant margin of safety upside to intrinsic value target price established as a result of fundamental analysis
- **Time horizon**
- **Catalyst**
- **Upside / Downside Analysis**
- **Conviction**

Exit:

- **Hits Price Target**
- **Thesis Changed**
- **Better Alternative Investment**
- **Stop Loss**
 - Stock Level – Dynamic adjustment according to trading conditions and external environment
 - Book Level – maximum loss on individual position: 7% of AUM

Dynamic Stop Losses

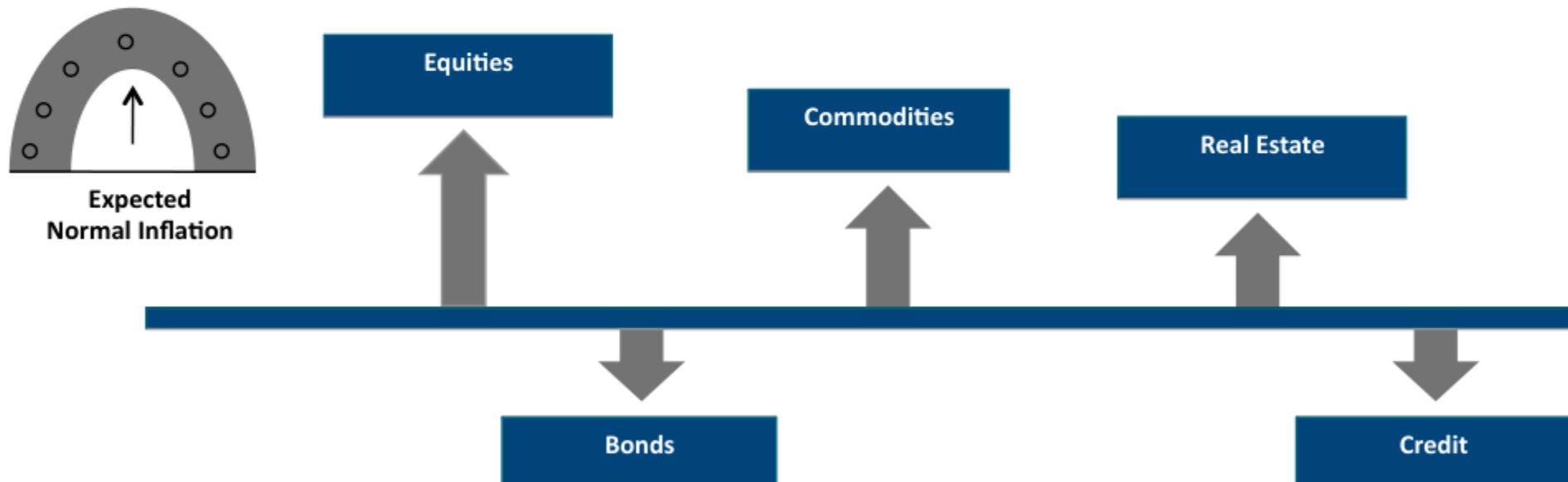


Stop Losses	
Score = 1	15-20
Score = 2	10-15
Score = 3	5-10

Uncertain Market Outlook

2013 - 2014 Scenario

Impact on asset classes:



- Consumption stabilises at average levels, unemployment comes down, real estate stabilises in developed markets
- Monetary policy becomes gradually more restricted
- Diminishing marginal effect of any future QE
- IR reversal
- Liquidity trap

Typical Gross Exposure	Typically 130%, max 300%. Adjusted for market conditions
Typical Net Exposure	Typically +65%, max 150%
Asset Class Exposure	Equities (cash, swap, indices) Derivatives: All vanilla (swaps, futures, options)
Longs	50 longs (Position limit at initiation, no more than 10% of NAV) Typical position size: 2-3% of NAV Maximum position size 7% NAV Average holding period: 12 months
Shorts	30 shorts (Position limit at initiation, no more than 5% of NAV) Typical position size: 1-2% of NAV Maximum position size 5% NAV Average holding period 6 months
Geography	Global, opportunistic portfolio positioning in developed and emerging markets with a particular focus on larger, liquid names
Concentration	10 – 20 themes, expressed in 30 – 80 names. All liquid, large cap listed stocks Sector: Max 30% in any one sector Top Ten Names: Max 50% of NAV
Stop-loss triggers	Dynamic adjustment according to trading conditions and external environment Max 7% of AUM
Typical Holding Period	12 months
Liquidity	Exit 60% of portfolio within one trading session, 90% within 5 trading sessions, remaining 10% within 5 days

Proposed Fund Terms

Inception Date	Expected in Q2 2013
Redemption Frequency	TBD
Notice Period	30 days
Gates / Lock-Ups	No
Management Fee	Founders: 1.25% Main: 1.50% * Phoenix: TBD
Incentive Fee	Founders: 15% Main: 20% * Phoenix: TBD
High-water Mark	Yes
Hurdle Rate	LIBOR + 300bps
Prime Broker	Goldman Sachs, UBS
Legal	Schulte, Roth & Zabel
Fund Administrator	IFS
Fund Auditor	Ernst & Young

* Phoenix Share Class only available to ex-Atticus investors, respecting their HWM

Long Generali, Short Unicredit



Macro: Secure financing vs unstable deposit base.

Description: Generali is adequately capitalised being an insurance co. Unicredit has been recapitalised 3 times since 2008.

Entry Rationale: Governance change at Generali. Unicredit has a large book of defaulting loans and shrinking Eastern European operations.

Entry Date: June 2012 @ 8.5.

Target Price: 22.

Long Airports of Thailand



Macro: Changing Government and regulation.

Description: Airports of Thailand are experiencing high passenger volume and have been offering discounted landing fees for Thai Air since 2008.

Entry Rationale: Discount rate for Thai Air is currently rolling off combined with 60% volume growth over the last 4 years.

Entry Date: March 2012 @ 52.

Target Price: 110.

Long Pfizer



Macro: Industry has undergone a rationalisation of its cost structure.

Description: Currently trading at 10.2x earnings and should be trading at 20x.

Entry Rationale: Pfizer has closed non-performing divisions and acquired competitors to counter the effect of accelerating patent expiries – allowing +ve earning momentum in worst case scenario environment.

Entry Date: March 2012 @ 22.

Target Price: 60.

Short Apple



Macro: Unsustainable market share within a growing technology sector.

Description: Too reliant on 3rd party technology – recent patent disputes. Current operating margins are unsustainable.

Entry Rationale: Change in leadership. Lacklustre product launch. Excessive market capitalisation.

Entry Date: September 2012 @ 660.

Target Price: 450.

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