

Saracen Global Income & Growth Fund

February 2012

Manager Profiles



Graham H Campbell

- ▶ 28 years experience of equity investment
- ▶ Director/Head of UK at Edinburgh Fund Managers
- ▶ Global Head of Retail Funds at SWIP
- ▶ Co-founder of Edinburgh Partners



Daniel Leaf

- ▶ Head of Investments at Bank of Scotland Portfolio Management Services
- ▶ 25 years as institutional stock-broker, ex Managing Director of Deutsche Bank
- ▶ Analyst at Wood Mackenzie

Saracen Global Income & Growth

- ▶ Institutional class of shares
- ▶ Accumulation and Distribution shares
- ▶ 0.75% annual management charge
- ▶ No performance fees
- ▶ AMC split 50% Capital / 50% income
- ▶ Global Equity Income Sector
- ▶ Forecast Yield 3.5%*

*Source: Saracen Fund Managers Ltd



Fund Features

- ▶ Unconstrained by geographic index
- ▶ Sensible limits on sector exposure
- ▶ Non-UK investments above \$1bn capitalisation
- ▶ Portfolio 40 - 60 investments
- ▶ Ability to protect, hold cash and bonds
- ▶ Alignment of interests



Risk - Relates to losses, not gains

- ▶ Margin of Safety
- ▶ Avoidance of high leverage
- ▶ Analysis of downside earnings risk
- ▶ Diversification



Risk - Margin of Safety

- ▶ Long-term & sustainable
- ▶ Independent & objective
- ▶ Full analysis of Profits, Balance Sheet & Cash Flow
- ▶ Able to finance business plan and dividends



Risk - Avoidance of High Leverage

- ▶ Operational cyclicality and high leverage – volatile mix
- ▶ Focus on cash generation
- ▶ Search for sustainable and growing dividends



Risk - Downside Earnings Analysis

- ▶ Integral part of valuation process
- ▶ Probability and deviation from Central-Case important
- ▶ Crucial to investment decision and weighting



Risk - Diversification by Company

- ▶ Integral part of investment process
- ▶ Holdings between 1.5% - 4%
- ▶ Reduced above 5%
- ▶ No geographic limits
- ▶ Systematic risk in sectors - sector limits

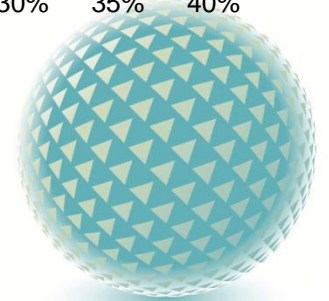
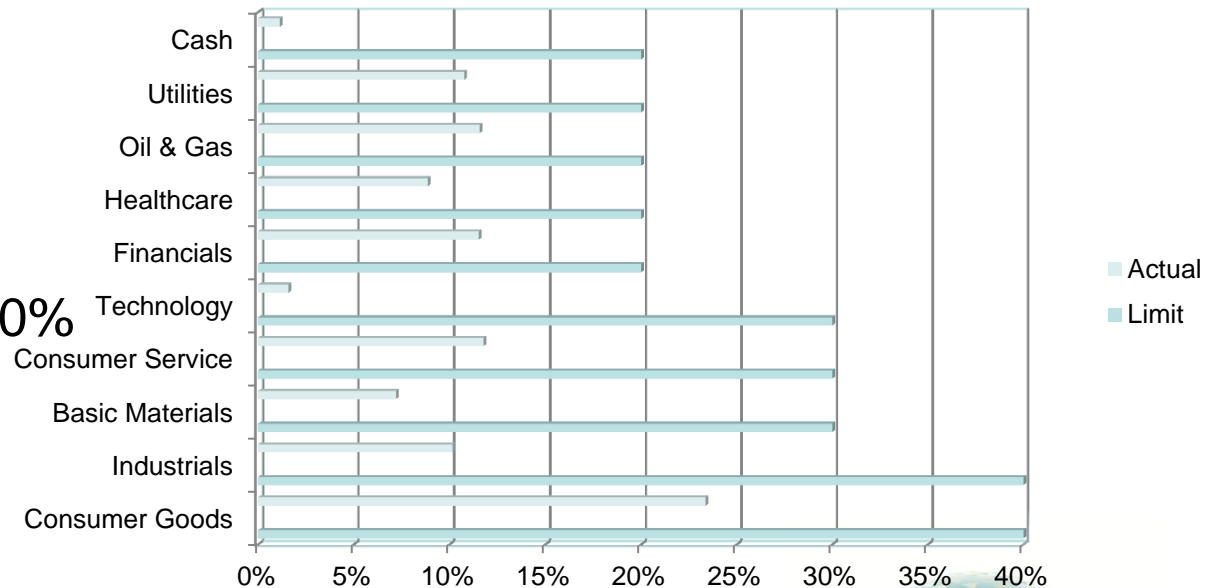


Risk - Diversification by Sector

▶ Homogenous 20%

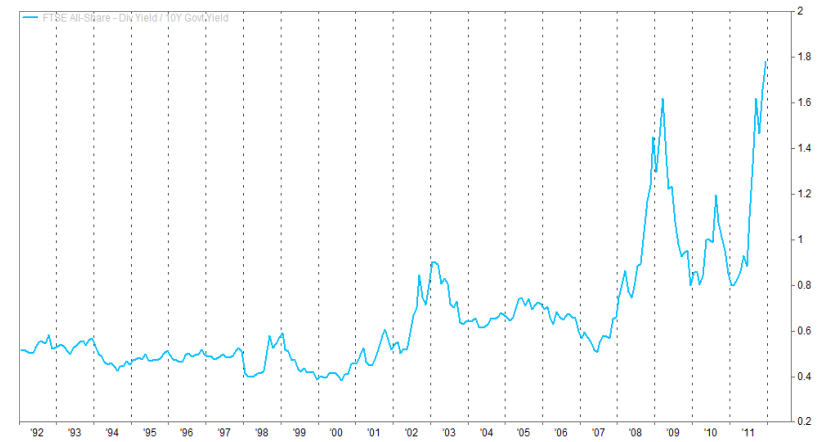
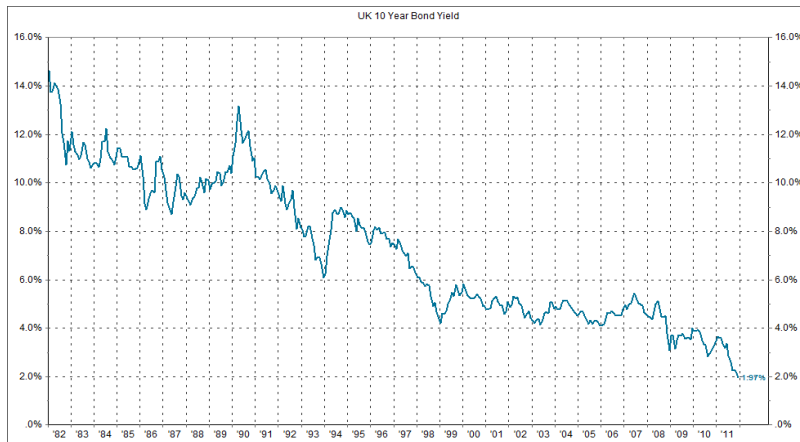
▶ Partly Differentiated 30%

▶ Differentiated 40%

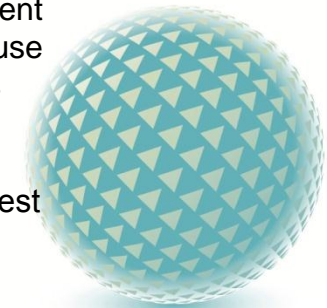


Equities: Too Cheap to Ignore?

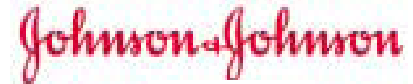
20Y UK Equity / 10Y Gilt Yield Relative



Investors should have 100 percent of investments in equities because of valuations and higher returns than bonds, said Laurence D. Fink, chief executive officer of Black Rock Inc, the world's largest money manager. Bloomberg 8/2/12



Investing in Global Growth



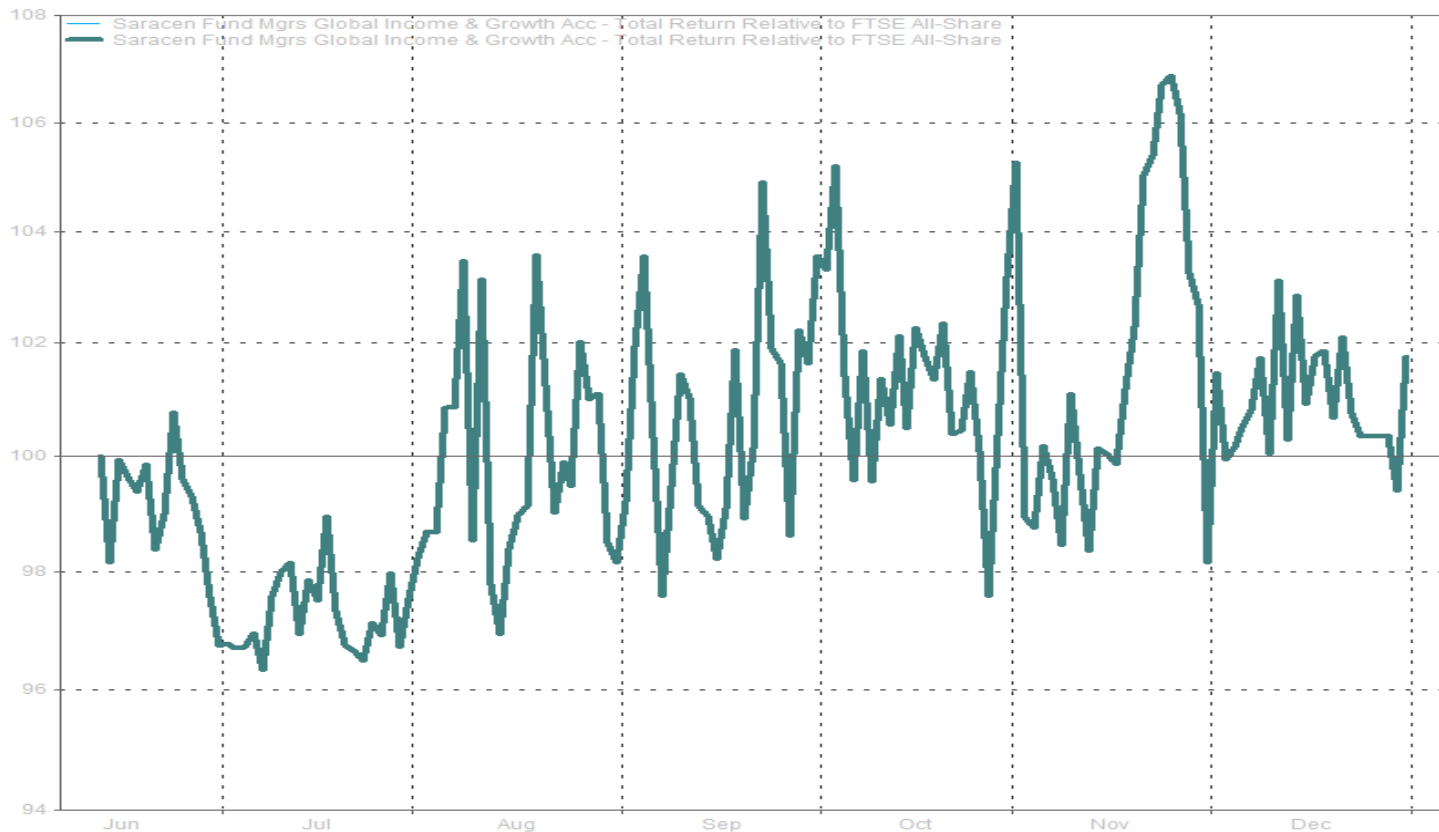
Six Month Performance Update*

	Saracen Global Income and Growth Fund	FTSE All Share
June 2011	0.2%	1.1%
July 2011	-2.8%	-0.3%
August 2011	-4.2%	-6.9%
September 2011	-2.5%	-5.0%
October 2011	3.3%	5.4%
November 2011	2.8%	2.0%
December 2011	1.5%	0.7%

* Source - Saracen Fund Managers Monthly Factsheet

Rel. Price Performance to 30th Dec 2011

Saracen Global I & G Acc. v FTSE All Share Total Return



Portfolio Activity - Driven by Valuation

▶ Cyclical

Atlas Copco,

DSM

▶ Growth

Ericsson

▶ Cash Generation

Anheuser Busch InBev

ProsiebenSat1



The Atlas Copco logo is displayed in a blue, italicized serif font. It is centered between two horizontal blue bars. The top bar is a solid blue rectangle, and the bottom bar is a solid blue rectangle with a white border on its top edge.

SARACEN
share success

- ▶ Global leader in manufacturing of compressors and pneumatic tools.
- ▶ Well diversified by geography and sector.
- ▶ High margin and less cyclical after sales comprises 40% revenue.
- ▶ Attractive exposure to emerging markets and booming mining capex.
- ▶ Proved resilience of business during financial crisis.
- ▶ Strong balance sheet ensures self financing growth.
- ▶ Dividend yield of 3.5% forecast to grow at double digits with scope for specials*.

* Source: Saracen Fund Managers Ltd





- ▶ Global leader in mobile and fixed line infrastructure
- ▶ Long-term demand for high speed data
- ▶ Strong balance sheet - net cash SEK 39.5bn (20% of market Cap.)
- ▶ Short-term margin pressure from competition and mix
- ▶ Competitors retrenching
- ▶ Exiting non-core activities - Sony Ericsson. ST Ericsson?
- ▶ Dividend yield 3.6%, Est CAGR 10.0%*

* Source: Saracen Fund Managers Ltd





- ▶ Leading German speaking and Nordic free to air tv broadcaster.
- ▶ Operating in attractive economies for advertising revenues.
- ▶ Balance sheet strengthened after disposal of Benelux stations.
- ▶ Light capex requirements will allow progressive dividend policy.
- ▶ Very cheap valuation at time of purchase. PE of 6.5x and yield of 10%*.

* Source: Saracen Fund Managers Ltd



Branded Consumer Businesses

- ▶ Resilient in a falling market
- ▶ High exposure to Emerging Markets
- ▶ Strong cash flows used for dividends, buy-backs and bolt on acquisitions
- ▶ Long-term value creators



What's worked?

▶ Branded Consumers

Anheuser Busch Inbev

Diageo, McDonalds

▶ Cyclical

Akzo Nobel

Atlas Copco



What's not worked?

▶ Telecomms

▶ Carnival

Long-term trends intact

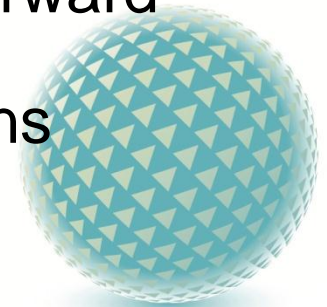
Consolidated market

Cash generative

▶ Tesco

UK re-investment brought forward

Overseas opportunity remains



Portfolio Outlook

- ▶ Branded Consumer - Emerging Market growth story
- ▶ Pharmaceuticals - Positive trends at discount valuations
- ▶ Banks - Risk profiles too high
- ▶ Cyclical - Pricing in good news
- ▶ Balance Sheet/M&A will boost earnings



Summary

- ▶ Equities attractive - Paid to wait
- ▶ Global - Diversity & Opportunity
- ▶ Growth orientated portfolio
- ▶ Competitive fund charges
- ▶ Investor aligned with Manager



Appendices



How to Deal

- ▶ Daiwa: Telephone 00 3531 603 9921
- ▶ Accumulation Shares GB00B5B35X02/B5B35X0
- ▶ Distribution Shares GB00B3XPLG55/B3XPLG5
- ▶ www.saracenfundmanagers.com
- ▶ Chris Howard: Sales Director 07714 170515



Investment Case

- ▶ Demographic trends will increase reliance on income
- ▶ Excessively loose monetary policy - negative real returns
- ▶ Cash and gilts expected to remain poor investments
- ▶ Income is major component in long-term returns
- ▶ Equities relatively attractive - paid to wait



Saracen Fund Managers Ltd

- ▶ Founded in 1998 by Jim Fisher
- ▶ UK Growth Fund launched in March 1999
- ▶ Achieved 246.1% v 55.4% for FTSE All Share Index*
- ▶ Graham Campbell & Daniel Leaf joined in December 2010
- ▶ Relocation to Edinburgh & re-branding
- ▶ Launch of Global Income & Growth Fund
- ▶ Re-branded www.saracenfundmanagers.com

* Calculation based on total return from Beta shares from 5th March 1999 to 31st January 2012



UK Dividend Concentration

- ▶ Five largest companies accounted for 38% of UK dividend pay-outs
- ▶ 60% of dividend payments came from just 15 companies

“ The heavy dependency on a few companies for the bulk of our dividends exposes investors to a lot of risk.”

Charles Cryer, Chief Executive of Capita Registrars.

Source: Financial Times, 31st January 2011

Real Returns from 1899 - 2011

	Gilts	Equities
£100 No reinvestment	£1	£180
£100 Reinvestment	£369	£24,133

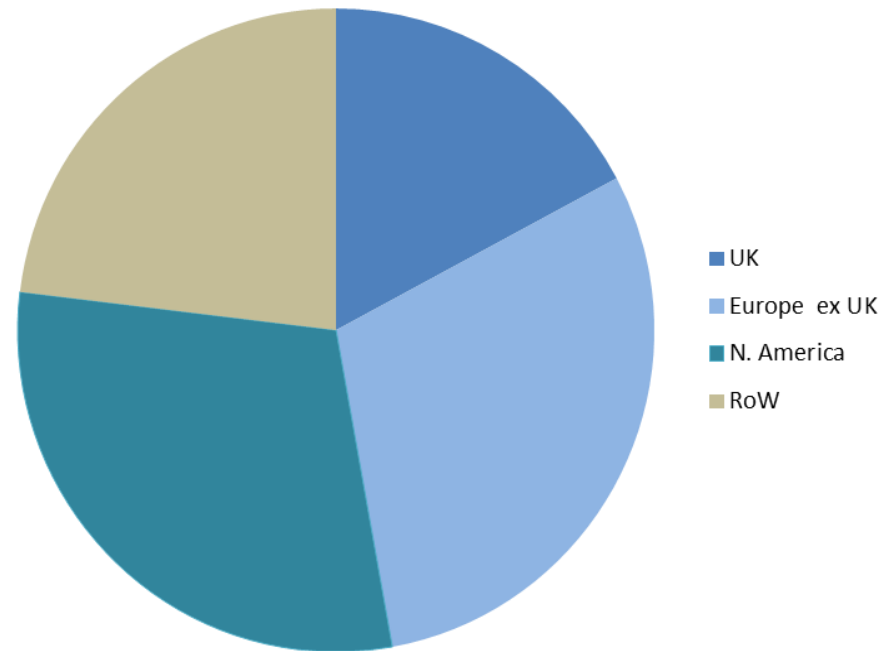
“Compound Interest is the eighth wonder of the world. He who understands it...earns it. He who doesn't...pays it”

Source: Barclays Capital Equity Gilt Study 2011



Revenue Diversification

- ▶ UK 17%
- ▶ Europe ex UK 30%
- ▶ North America 30%
- ▶ Rest of World 23%



Biographies

▶ Graham Campbell

Graham joined Saracen from Edinburgh Partners where he was one of the founding partners and Director. He managed Anglo & Overseas I.T, UK funds and was a global sector analyst .He is a major shareholder in Saracen. Prior to this he was Global Head of Retail Funds at SWIP. Before SWIP, Graham spent ten years with Edinburgh Fund Managers, where he was a Director. Previous to this, Graham worked for National Mutual and General Accident after beginning his career with Campbell Neill (stockbrokers) in 1982.

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Telephone: 0131 202 9101

▶ Daniel Leaf

Daniel was most recently Head of Investments at Bank of Scotland Portfolio Management Service where he was responsible for investment strategy for the Group's discretionary wealth management customers. He had previously spent almost twenty-five years in institutional stock broking where he was a Managing Director at Deutsche Bank and subsequently set up an Edinburgh office for Teather and Greenwood. He started his career in stock broking as an analyst at Wood Mackenzie, where he helped its research team in the Brewing Sector achieve the industry's top ranking from its institutional clients.

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Telephone: 0131 202 9104

Biographies

▶ Jim Fisher

Jim established Saracen Fund Managers Ltd in 1997 and remains a major shareholder in the company. He has 35 years' experience in the investment management industry and a successful track record in managing money. He also formed a previous asset management business in 1993, SFM Investment Management Ltd, and launched Saracen Value Investment Trust PLC on the stockmarket. SFM was successfully sold prior to the launch of Saracen Fund Managers.

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▶ Craig Yeaman

Craig joined Saracen in June 2008 from Aberdeen Asset Management. Craig started his career in the investment industry in 1999 when he joined Clydesdale Bank's Portfolio Management Unit as an analyst. From there he moved to Glasgow Investment Managers in 2001 as an Investment Manager where he was Deputy Manager of both Shires Income PLC and Shires Smaller Companies PLC Investment Trusts. In August 2007, following their takeover of GIM, Craig transferred to Aberdeen Asset Management.

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