

28 February 2013

## IFSL Brooks Macdonald Defensive Capital Fund

### Fund Facts

|                                |   |
|--------------------------------|---|
| Investment Managers:           | Jon Gumpel<br>Robin Eggar   |
| Original launch date:          | 21/12/2006  |
| Converted to a UK OEIC:        | 29/03/2010  |
| Fund size:                     | £116 million  |
| No. of holdings:               | 82  |
| Type of shares:                | Accumulation  |
| Base currency:                 | GBP   |
| Yield:                         | 0%  |
| Minimum investment:            | A Class: £1,000<br>B Class: £1,000<br>C Class: By arrangement           |
| Initial charge:                | A Class: 0%<br>B Class: up to 3%<br>C Class: 0%                         |
| Annual management charge:      | A Class: 0.75%<br>B Class: 1.5%<br>C Class: 0.55%                       |
| Sedol:                         | A Class: B61MR83<br>B Class: B62WNX9<br>C Class: B62HCL5                |
| ISIN:                          | A Class: GB00B61MR835<br>B Class: GB00B62WNX98<br>C Class: GB00B62HCL52 |
| Fund accounting dates:         | Annual: 31 May<br>Interim: 30 November                                  |
| Structure:                     | Sub-fund of IFSL Brooks Macdonald OEIC                                  |
| Investment Manager:            | Brooks Macdonald Funds Limited  |
| Authorised Corporate Director: | Investment Fund Services Limited (IFSL)                                 |

Data as at 28 February 2013

### Objective

To achieve consistent long-term capital growth through a portfolio of defined return assets, such as preference shares, loan notes, convertibles, structured notes and other defined return investments, including collective investment schemes and transferable securities that do not require market growth to provide a positive capital return and are supported by significant underlying asset cover.

### Manager's Comment

After the strong returns seen in January for equity markets, there was some pause for breath, although markets did generally finish in February a touch higher than they began. Cause for concern was primarily led by the Eurozone with the immediate reaction to the stalemate result of the Italian election showing that macro concerns in the region are far from resolved. The downgrading of the UK's credit rating seemed to be largely priced into markets although the impact on Sterling has been more marked, with the pound losing ground against both the US dollar and the euro.

Against this backdrop the Fund has continued to perform well, with the NAV increasing by just over 0.5% during the month. Following the changes made in January and cash that was invested at that point, actions have been more limited and the split between the structured notes, zero dividend preference shares (ZDP) and convertibles has remained relatively constant. With markets remaining relatively strong, and banks in particular continuing to make progress, there has been further narrowing in credit default spreads (CDS) and this has had a positive impact on the structured notes within the Fund. As such we will continue to look for opportunities to consolidate gains within these assets, and the ability to trade these on an ongoing basis remains crucial, as holding to maturity will in many cases not be the best option. Where gains are consolidated we will look for opportunities to recycle monies into new structures with the focus remaining on counterparty quality.

Cash levels remain lower than they were at the beginning of the year with inflows to the Fund being used to top up some existing positions, notably in the convertible space, where underlying market moves continue to support prices and bring conversion points closer. The ZDP allocation of the portfolio remains an important element, with the new issues at the end of 2012 trading strongly and on reduced yields already. Given this, and the attractive risk reward profile of the assets across the portfolio, we remain confident on the prospects for the Fund even if we do see a shorter term pull back in equity markets from their current levels.

### Contact Us

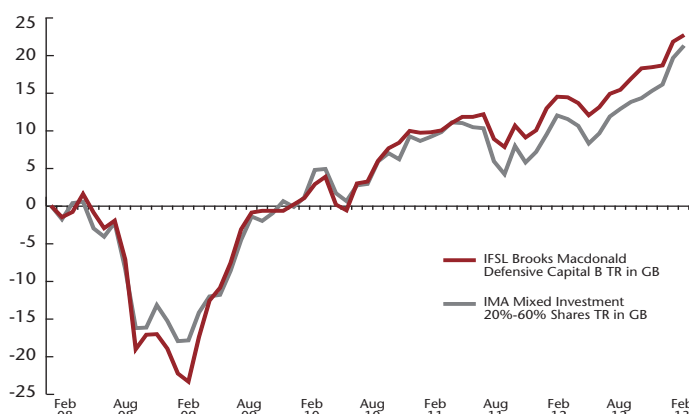
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# IFSL Brooks Macdonald Defensive Capital Fund

## Performance

### 5 Year Percentage vs IMA Mixed Investment 20%-60% Shares



All performance data as at 28 February 2013.  
Source: Financial Express Analytics, Total Return, Bid to Bid in Sterling.

| Cumulative Performance to 28/02/2013 | Fund   | IMA Mixed Investment 20%-60% Shares | Quartile |
|--------------------------------------|--------|-------------------------------------|----------|
| 1 Year                               | 7.12%  | 8.22%                               | 3rd      |
| 2 Years                              | 11.73% | 11.03%                              | 2nd      |
| 3 Years                              | 21.39% | 19.85%                              | 3rd      |
| 5 Years                              | 22.69% | 21.26%                              | 3rd      |
| Since Inception                      | 22.50% | 19.27%                              | 2nd      |

| Discrete Year Feb-Feb                   | 2012-2013 | 2011-2012 | 2010-2011 | 2009-2010 | 2008-2009 |
|---|-----------|-----------|-----------|-----------|-----------|
| Fund %                                  | 7.12      | 4.30      | 8.65      | 29.97     | -22.23    |
| IMA Mixed Investment 20% - 60% Shares % | 8.22      | 2.60      | 7.95      | 23.27     | -17.93    |
| Difference %                            | -1.10     | 1.70      | 0.70      | 6.70      | -4.30     |

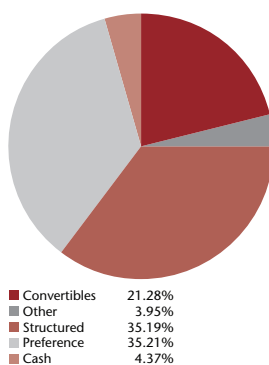
Please note, the performance record from inception to 29/03/10 is for the Guernsey domiciled Brooks Macdonald Structured Growth Unit Trust. Following the conversion of the Fund and all of its assets on this date to a UK Authorised OEIC, the performance thereafter is for the IFSL Brooks Macdonald Structured Growth Fund. Therefore, performance prior to 29/03/10 is simulated past performance of the IFSL Brooks Macdonald Structured Growth Fund. Past performance is not a reliable indicator of future performance. Please note the Fund changed its name to the IFSL Brooks Macdonald Defensive Capital Fund on 16 December 2011.

## Top Ten Holdings

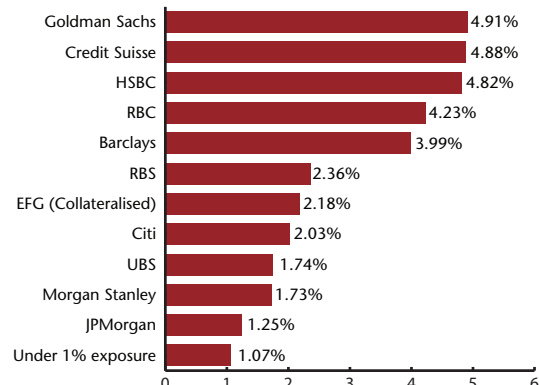
| Asset                              | % of Fund     |
|------------------------------------|---------------|
| Goldman Sachs FTSE 100 Note        | 3.78%         |
| NB Private Equity ZDP              | 3.66%         |
| F&C Private Equity ZDP             | 3.65%         |
| Edinburgh Dragon 3.5% Convertible  | 3.27%         |
| JZ Capital ZDP                     | 3.16%         |
| Jupiter Second Split               | 3.12%         |
| Aberforth Geared Income ZDP        | 3.08%         |
| Barclays Dual Index Synthetic Note | 2.72%         |
| JP Morgan Private Equity 2015      | 2.54%         |
| M&G High Income ZDP                | 2.40%         |
| <b>Cash</b>                        | <b>31.38%</b> |

Source: Brooks Macdonald Funds, as at 28 February 2013.

## Asset Type



## Structured Counterparties



## Third Party Links



## Risk Warning

Investors should be aware that the price of units in this Fund and the income from them can go down as well as up and that neither is guaranteed. Past performance is not a guide to the future. Investors may not get back the amount invested. Changes in rates of exchange may have an adverse affect on the value, price or income of an investment. Investors should be aware of the additional risks associated with funds investing in emerging or developing markets. As a retail customer, if you do not understand any part of the document or you require guidance please contact your financial adviser.

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