



LONDON BOROUGH OF HAMMERSMITH & FULHAM

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20 January 2013



Taking a long term approach to deliver all-weather returns

YOUR PERFORMANCE

	MARKET VALUE (31 DECEMBER 2013)	INCEPTION DATE	BENCHMARK	INVESTMENT TARGET
Hammersmith & Fulham* (UK Equity Fund)	£120,175,384	2 September 2005	FTSE All-Share Index	+2% net of fees over rolling three years
Hammersmith & Fulham* (UK Focus Fund)	£66,657,864	16 April 2008	FTSE All-Share Index	+2% net of fees over rolling three years
Hammersmith & Fulham (Tortoise)	£15,617,340	8 April 2009		Positive absolute returns in all market conditions

PERFORMANCE TO 31 DECEMBER 2013 (%)	3 MONTHS	12 MONTHS	SINCE INCEPTION	SINCE INCEPTION P.A.
Hammersmith & Fulham (UK Equity Fund)*	6.5	30.4	167.2	12.5
<i>Relative</i>	+1.1	+9.6	+86.9	+5.2
Hammersmith & Fulham (UK Focus Fund)*	7.9	36.8	115.2	14.4
<i>Relative</i>	+2.4	+16.0	+69.2	+7.5
Tortoise Fund	3.2	18.5	71.8	12.1

WHAT REALLY MATTERS TO YOU

PERFORMANCE ATTRIBUTION

UK Equity Fund – 6 months to 31 December 2013*

POSITIVE	PORTFOLIO WEIGHT (%)	INDEX WEIGHT (%)	PERFORMANCE IMPACT (%)
Int'l Consolidated Airlines	2.1	0.3	0.6
Intesa Sanpaolo	1.6	0.0	0.5
British American Tobacco	0.0	3.2	0.4
HSBC	2.6	6.4	0.4
Nokia	0.5	0.0	0.4

NEGATIVE	PORTFOLIO WEIGHT (%)	INDEX WEIGHT (%)	PERFORMANCE IMPACT (%)
Prudential	0.0	1.5	-0.2
Marks and Spencer	3.0	0.4	-0.2
Ryanair	0.8	0.0	-0.2
Rio Tinto	0.3	1.9	-0.3
Hewlett-Packard	1.5	0.0	-0.3

UK Focus Fund – 6 months to 31 December 2013*

POSITIVE	PORTFOLIO WEIGHT (%)	INDEX WEIGHT (%)	PERFORMANCE IMPACT (%)
PostNL	2.2	0.0	1.2
HSBC	0.0	6.4	0.8
ITV	2.7	0.3	0.8
Aviva	3.6	0.6	0.6
Kentz	1.4	0.0	0.6

NEGATIVE	PORTFOLIO WEIGHT (%)	INDEX WEIGHT (%)	PERFORMANCE IMPACT (%)
Marks and Spencer	3.9	0.4	-0.2
Man Group	1.8	0.1	-0.2
Rio Tinto	0.7	1.9	-0.2
Wolfson Microelectronics	1.6	0.0	-0.3
Hewlett-Packard	2.7	0.0	-0.4

Tortoise Fund Contribution – 6 months to 31 December 2013

POSITIVE	LONG/SHORT	PERFORMANCE IMPACT (%)
PostNL	Long	1.9
Nokia	Long	1.7
Royal KPN	Long	1.4
Orange	Long	1.3
Unione di Banche Italiane	Long	1.2

NEGATIVE	LONG/SHORT	PERFORMANCE IMPACT (%)
Amazon.com	Short	-0.5
J. C. Penney	Long	-0.5
Prudential	Short	-0.5
Aberdeen Asset Management	Short	-0.6
Hargreaves Lansdown	Short	-0.8

TRANSACTIONS

Hammersmith & Fulham (ex Tortoise): 6 months to 31 December 2013

Purchases

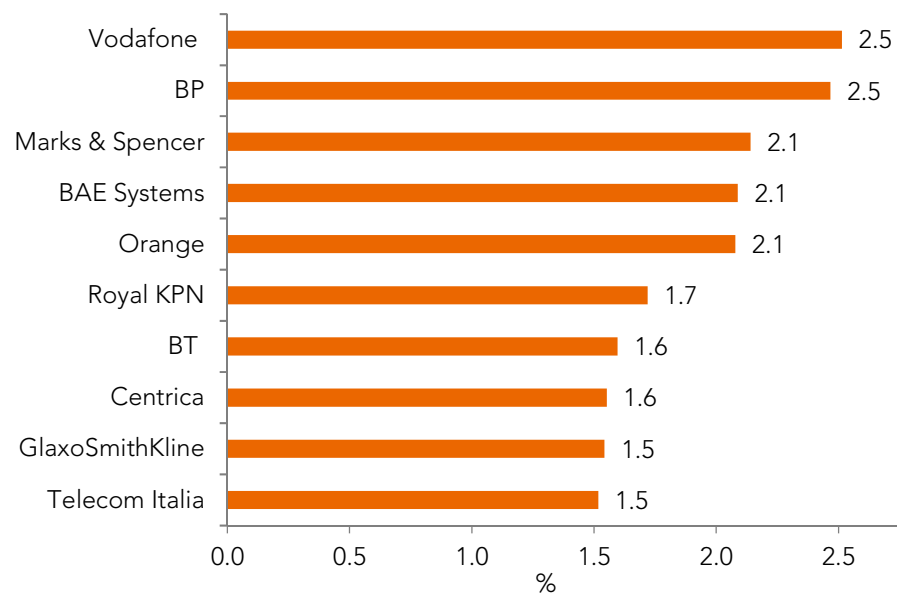
ROYAL DUTCH SHELL
ASTRAZENECA
CENTRICA
GLAXOSMITHKLINE
TESCO
ROYAL KPN
MORRISON
ENEL
RWE AG
FINMECCANICA

Sales

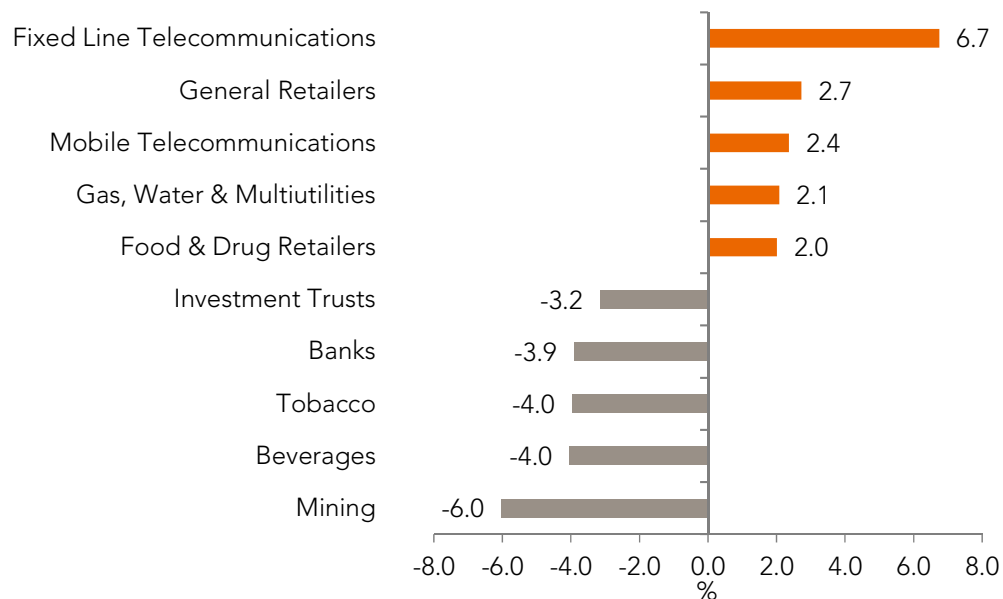
INTERNATIONAL CONSOLIDATED AIRLINES
ITV
KINGFISHER
ROYAL BANK OF SCOTLAND
INTESA SANPAOLO
HEWLETT-PACKARD
BARCLAYS
BANK OF AMERICA
TELEFONICA
LLOYDS

CURRENT POSITIONING – UK EQUITY FUND

Key Stock Positioning (Relative)



Key Sector Positioning (Relative)



Index breakdown

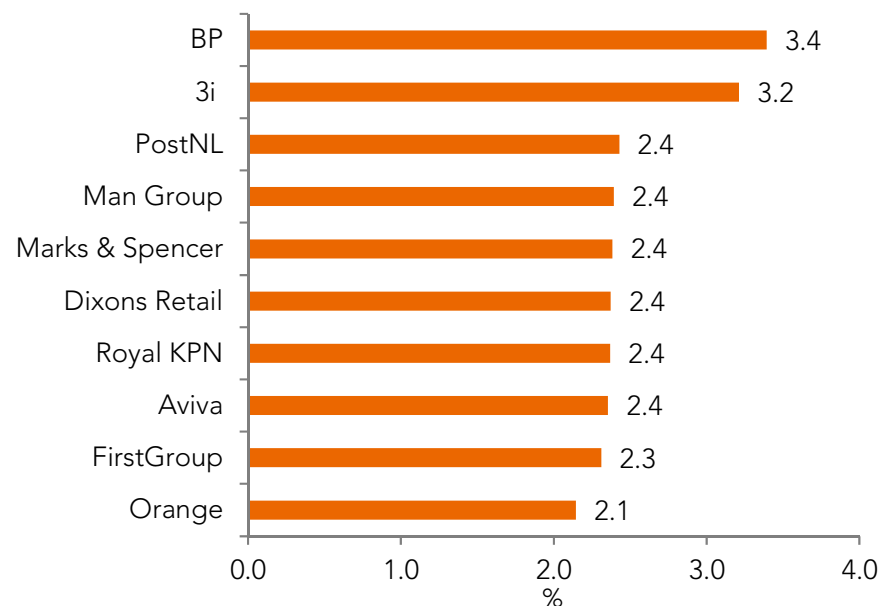
INDEX	FUND%	INDEX %
FTSE 100	63.9	82.5
FTSE 250	10.7	14.7
International	12.2	0.0
Small Cap	3.4	2.8
AIM/Other	4.6	0.0
Fledgling	0.2	0.0
Cash	5.0	0.0

Portfolio Risk

BARRA	%
Active Risk	3.1
Beta	0.9

CURRENT POSITIONING – UK FOCUS FUND

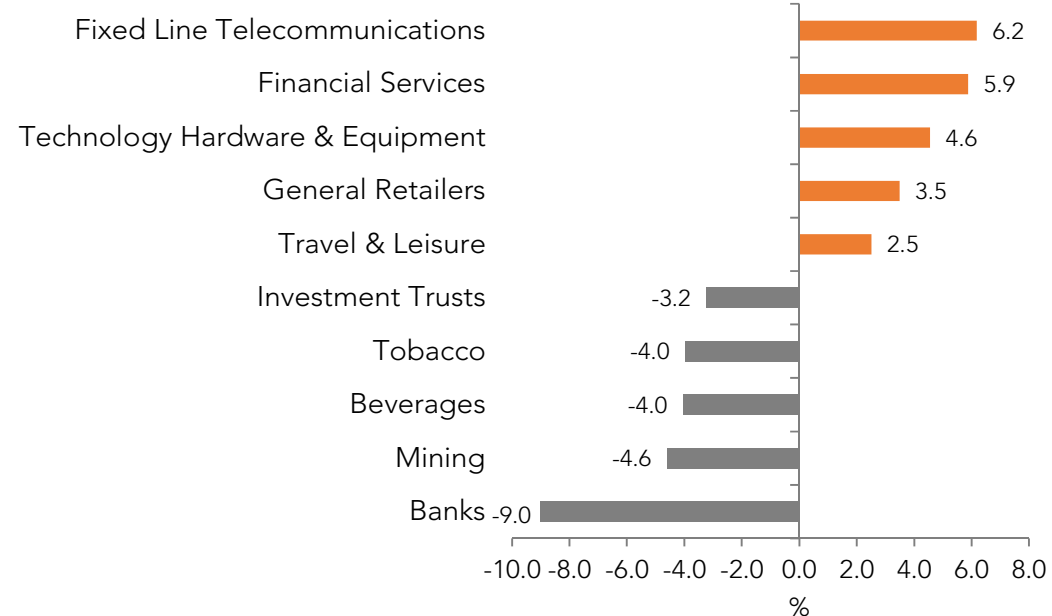
Key Stock Positioning (Relative)



Index breakdown

INDEX	FUND%	INDEX %
FTSE 100	56.4	82.5
FTSE 250	21.3	14.7
International	14.3	0.0
Small Cap	3.7	2.8
AIM/Other	0.0	0.0
Cash	4.3	0.0

Key Sector Positioning (Relative)



TORTOISE FUND POSITIONING

Sector	Weighting (%)			Long	Short
	Long	Short	Net		
Telecommunications	14.2	-3.8	10.4	Orange, Telecom Italia, Royal KPN, Vodafone	Inmarsat, Verizon, Crown Castle International
Consumer Services	14.4	-6.0	8.4	Tesco, FirstGroup, Morrisons, Carnival, Mediaset, Air France-KLM, Int'l Consolidated Airlines, Abercrombie & Fitch, Marks and Spencer, Deutsche Lufthansa, Debenhams, Home Retail, Dixons Retail	Jeronimo Martins, SGPS, Crown Resorts Limited, Amazon.com, Next
Utilities	7.7	0.0	7.7	Centrica, Enel, RWE, E.ON	
Health Care	4.5	0.0	4.5	GlaxoSmithKline, AstraZeneca	
Oil & Gas	5.7	-3.0	2.7	Royal Dutch Shell, BP, Gazprom	Petrofac, AMEC
Technology	3.3	-3.9	-0.6	First Solar, Nokia, Hewlett-Packard, ON Semiconductor Corporation	Oracle, International Business Machines Corp, Apple
Basic Materials	0.0	-4.5	-4.5		Croda International, BHP Billiton, Rio Tinto
Financials	3.6	-9.2	-5.6	Mediobanca, Unione di Banche Italiane, Intesa Sanpaolo, Fondiaria, Royal Bank of Scotland	Ashmore, Standard Chartered, HSBC, Aberdeen Asset Management, Prudential, Bank of Nova Scotia
Industrials	4.3	-12.8	-8.5	Finmeccanica, Rentokil Initial, PostNL	Weir, Kone, Accenture, IMI, Aggreko, Intertek, Experian, Fastenal Company, Atlas Copco, Caterpillar
Consumer Goods	1.8	-14.4	-12.6	Nintendo	Imperial Tobacco, British American Tobacco, Marine Harvest, Unilever, LVMH Moet Hennessy Louis Vuitton, SABMiller, Bayerische Motoren Werke, Diageo, Persimmon
	59.6	-57.5	2.1		

Style	Weighting (%)			Region	Weighting (%)		
	Long	Short	Net		Long	Short	Net
Cyclical	21.4	-44.2	-22.9	Europe ex UK	25.3	-8.8	16.5
Defensive	38.2	-13.3	24.9	Other	3.2	-3.4	-0.2
				UK	27.8	-32.7	-4.9
				US	3.3	-12.7	-9.4
	59.6	-57.5	2.1				

CORPORATE GOVERNANCE POLICY

Key Majedie Principles

- 1) **Reference the Finance Reporting Council UK Corporate Governance Code 2010**
 - Used as a reference, not as a prescription
 - Subscribe to ISS; research is used as a basis for further discussion with individual fund managers
 - Aim to vote on every resolution at all AGMs and EGMs
- 2) **Maintain open dialogue with management**
 - Engagement with management crucial for effective, representative governance of public companies; often confidential and outside of the voting season
- 3) **Focus on remuneration structures**
 - Need for a simple, transparent incentive framework – clearly communicated and understood by both management and shareholders
 - Meaningful director shareholdings (target a minimum 300% of salary over three years)
- 4) **Allow flexibility for smaller companies**
 - Close engagement with management to understand their structure and needs
 - Flexibility permitted on a case by case basis

CORPORATE GOVERNANCE ACTIONS

What we have done over the last six months:

1) Engaged with the Board of Intesa Sanpaolo

- A move by some members of the Board to oust the CEO
- CEO was acting as a force for good, unwinding some murky cross shareholdings
- We emphasised how important we felt his progress was – he was indeed ousted, we have been selling

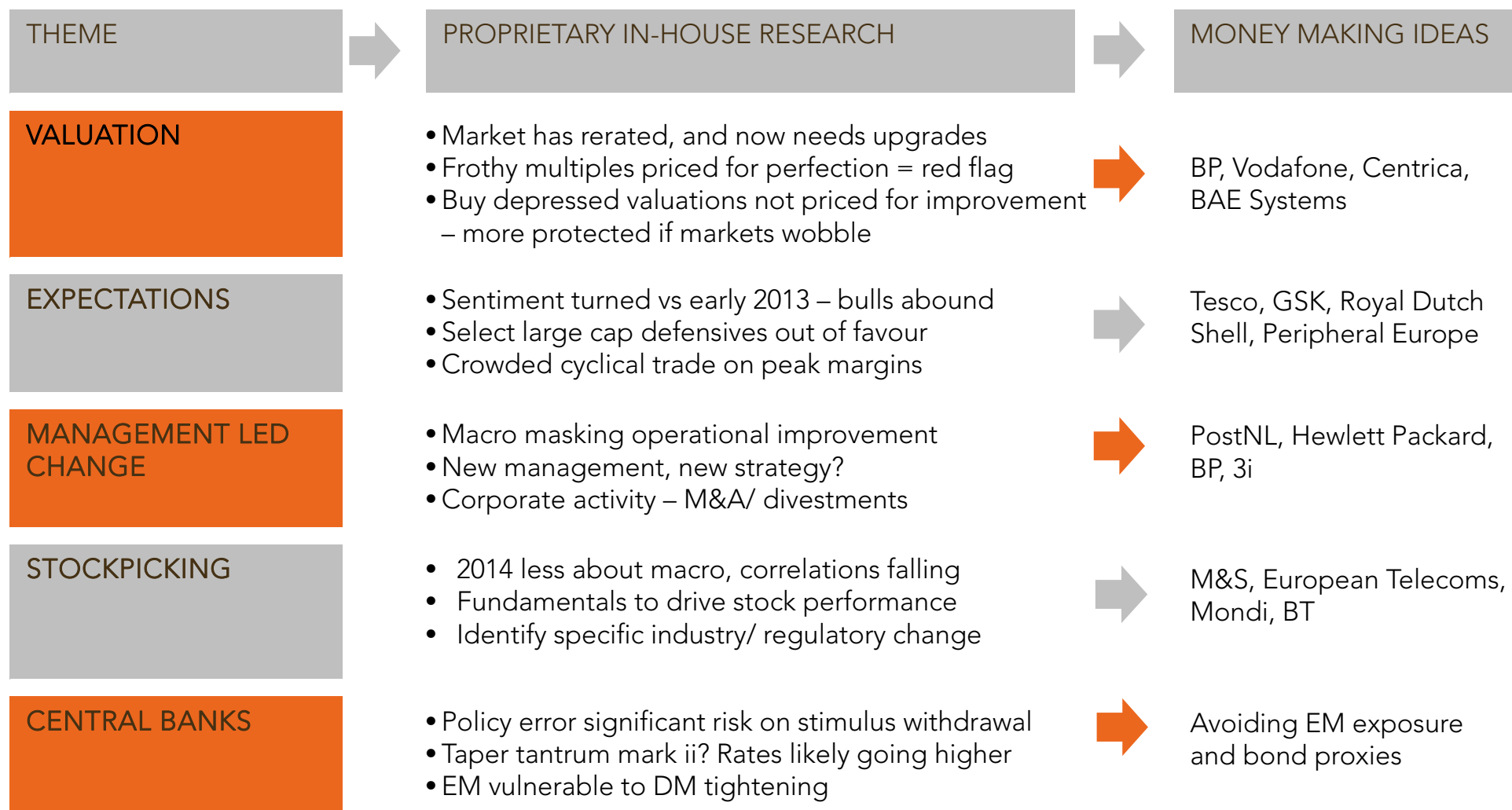
2) Engaged with FirstGroup

- We felt that it was time for a change of Chairman, specifically to prioritise disposals to benefit a stretched balance sheet. A change has been announced

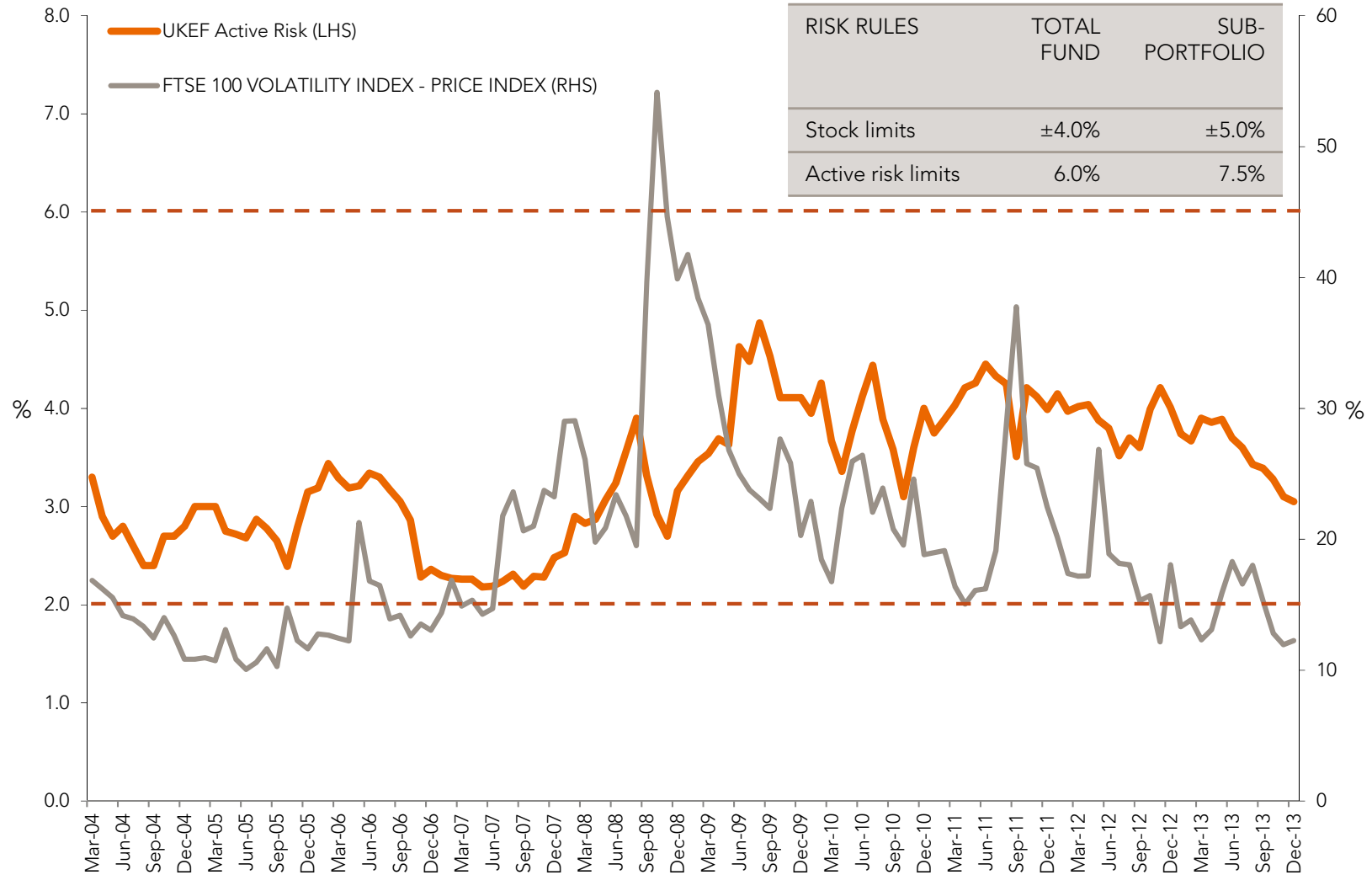
3) Engaged with Telecom Italia

- Voted to support the current Board – important in the context of a recent change of CEO
- We feel that the current Board's policy of asset disposals are in the best interests of shareholders

PORTFOLIO THEMES



ACTIVE RISK EVOLUTION



NOTES

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