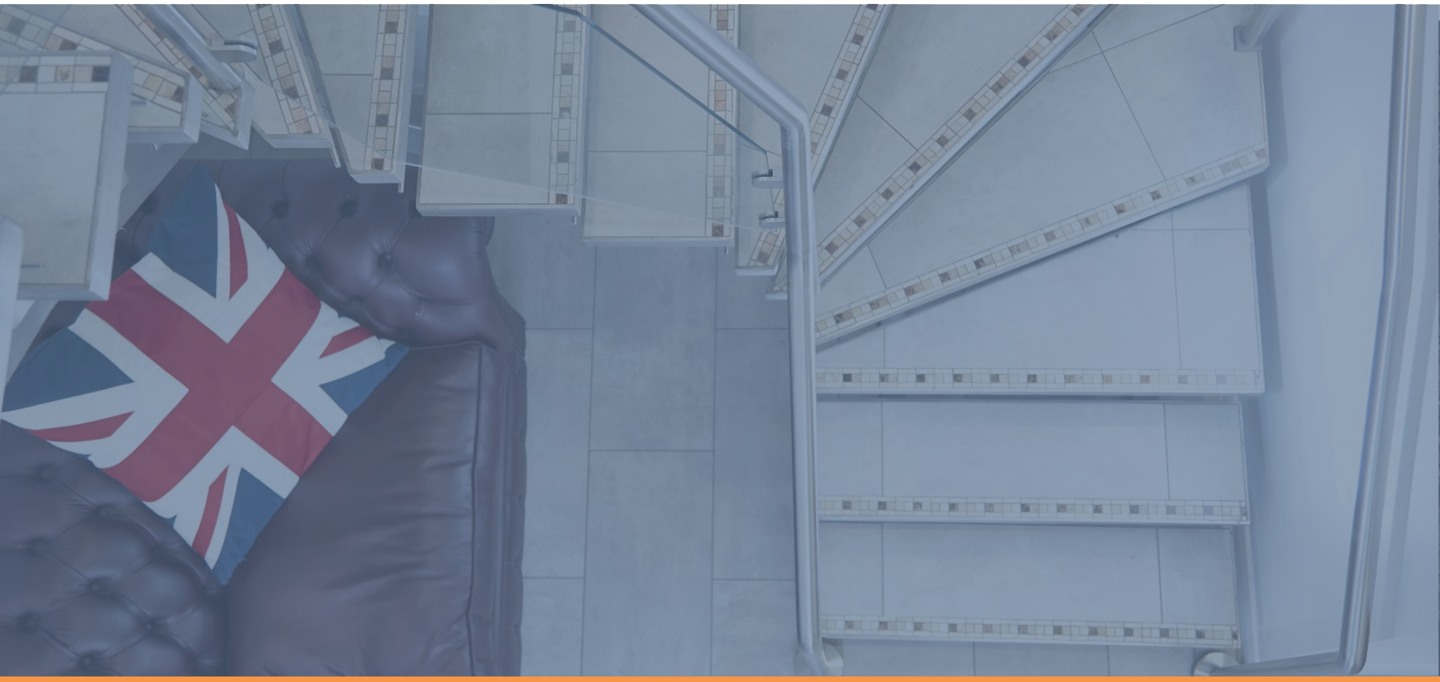
McLAREN CAPITAL

MANAGING WEALTH



About McLaren Capital Ltd

McLaren Capital is a wealth management company that provides independent advice to individuals, Companies and Trustees. Our clients are wide ranging and at various stages in life, some have been successful within their own sphere, but for various reasons feel that a meaningful partnership with an wealth manager is more likely to achieve their long term financial objectives. We look to achieve this through a combination of carefully thought out and well researched investment strategies.

McLaren Capital is privately owned and was established by Rory St Johnston in 2008, after a long period of time running a similar business in the City of London.

Many larger institutions sometimes forget the simple task of caring for their customers and we recognise the need for responsibility, relationship and integrity and have built our reputation on all these qualities.

The greatest asset of the company is without doubt the staff that it employs. These individuals are fundamental to the proposition and as such have been chosen for their own particular skills and attributes.

The team is experienced, professional and above all, committed to our clients.
We are based in Godalming and encourage our clients to have regular dialogue whether it be at their place of work, their home or indeed at our offices.

We hope to earn our clients' respect and do not rely on a large brand or former glory to achieve this.

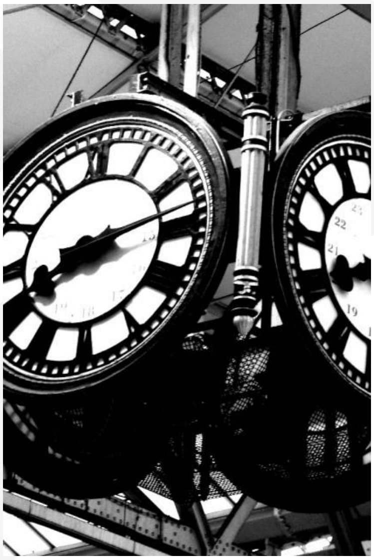
In a world of three letter acronyms wherever possible we look to de-jargonise an over complex industry.

Enduring relationship is a goal for us over time. We pride ourselves on the quality of our service and are delighted that so many of our new clients are referred to us from within our existing client base.

Many large companies have a faceless culture that is so prevalent today. We believe that it is simply not possible to operate a successful partnership when the two parties concerned are little more than commercial strangers.

We spend a great deal of time getting to know our clients as we feel that we can provide a more holistic service to customers when we know them well. We will never forget the huge responsibility that has been placed upon us and the privilege that it is to help our clients manage their wealth.

Our culture translates into a high quality service with a truly personal focus.



Every client is different and treated individually. We all have financial objectives that are particular to our own lives and as such it is our job to recognise this from our clients' needs.

We have no "typical" client, but as you would imagine, they are from all walks of life and although success may be a common theme, every client is an individual in their own right. :

- Retirees
- Families
- Widows and Widowers
- Professionals
- Industry leaders
- Entrepreneurs
- Trustees and Trusts

Our clients are mostly in the UK however, we do have some non resident and Expatriates. We also have a number of UK based corporate clients.

Some clients wish us to retain a close working relationship, whereas others will want us to manage their finances with regular but non intrusive updates.

Under McLaren Capital's management, clients are well informed and have full access to all aspects of the strategy and indeed the team that is responsible for the successful operation of the account.

It is our opinion, that active and ongoing wealth management is far superior to investments that blindly track an underlying index, given the volatility of equity markets.
We believe that professional management is essential to protect the private investor in difficult times and our proposition therefore aims to place clients in full control of all aspects of their investment decisions.

Our Service

We aim to assist our clients with all aspects of their financial requirements. McLaren Capital is able to provide advice upon a multi-asset class portfolio and, in addition, is ideally placed to evaluate the merits of the particular "wrappers" within which these assets are held. Clearly part of any successful strategy is ensuring that tax is being both reduced and, wherever possible, avoided altogether. The initial discussion and subsequent plan would ensure that this was always the case.

Agreeing a financial strategy with a client allows them to dictate their specific objectives. We then work with the client to formulate a suitable approach. The underlying assets are selected to suit their specific requirements; we then operate a monthly review process and encourage regular discussion, to ensure that the strategy continues to meet their objectives.

In formulating their financial strategy, we will agree with our clients:

- The investment timescale
- What degree of fluctuation can you tolerate
- What annual return is required to meet your expectations
- What combination of assets will best meet your needs
- How much income (if any) is required

We are able to utilise a number of different types of investment in portfolios, including Corporate Bonds, Unit Trusts, Investment Trusts, Exchange Traded Funds, Collective Investments and Structured Products. The asset allocation and proportions of each would be directly linked to our clients' specific requirements and would be agreed subsequent to further discussion with them.

Our team have access to comprehensive and sophisticated research from both in-house and large institutions, when arriving at their investment decisions. This in-depth analysis means we are informed and skilful at choosing investments by drawing on a wide range of expertise.

When we set out to advise clients on how we can assist them we recognise that identifying their objectives is a critical component. At McLaren we clearly distinguish between financial planning and the investment. Generally every client's financial plan is different, whereas the discipline of investment can be uniform. Each client assignment is treated on a bespoke basis and tailored to the individual need.

At McLaren we clearly differentiate the need to advise based on objectives. Each client situation is different and each client is different. In every situation we spend a great deal of time getting to understand client needs and designing a bespoke solution to meet these needs. In some circumstances this may take some time to develop and more often than not, once a framework is established it often needs fine tuning over the ensuing months.

As well as employing highly qualified and award winning staff, we have a great deal of expertise in many areas as detailed.

A significant amount of our skills is in the interpretation of client's needs and objectives and understanding where these fit into the UK's financial framework. We will always look to optimise the efficiencies that are afforded to differing tax structures in the UK, nevertheless we will not be provocative and firmly believe that if something looks too good to be true it generally is!

Our advice addresses many areas but here are a few to consider:

Retirement planning

Whether saving for retirement or looking at the best way to access funds at retirement, there is a minefield of things to consider and advice is essential. McLaren has a wealth of expertise in this area and can help construct the most appropriate and tax efficient solution to meet individual needs.

Investment accumulation or preservation

Simply building a capital sum is difficult enough, preserving it and building on it is essential.

There are many solutions we can offer at McLaren to suit clients at any stage in their lives whether it is an inheritance, the sale of a business, reviewing an existing portfolio or on unexpected windfall; we can help provide a cohesive approach to protecting and increasing value.

Inheritance tax planning

This represents the only tax that is legitimately avoidable with careful planning. We still find it amazing that so many of our prospective clients do not have a Will, let alone have made appropriate plans in the event of their deaths. With careful thought and some relatively straightforward planning, liabilities in this area can be addressed.

School fees planning

We recognise this veritable mountain that people climb in order to achieve this goal and can help with planning, advice and guidance on the most appropriate ways to meet these costs.

Protection

If a client has debts, a family, regular outgoings or other liabilities providing an efficient and cost effective solution to address these responsibilities properly is critical.

The success or otherwise of much of our financial planning depends upon the performance of our investments. It is therefore essential to ensure you are appropriately invested to meet your financial objectives and that your investments are actively reviewed in light of both your changing circumstances and changes in global economic conditions.

We have developed a logical investment process that selects investment funds, not individual stocks and shares, based on the risk you are willing to take with your capital and managing risk within investment portfolios. Chasing performance is often a fool's game so we form carefully researched investment portfolios that aim to produce consistent performance at lower risk to the appropriate benchmark. All portfolios are benchmarked against cash in order to objectively assess the performance of your investment portfolio.

Our investment advice is advisory and not discretionary, meaning that we will always consult with you and gain your agreement before making or changing an investment. We view this as essential, so that you are always consulted regarding proposed investments or changes and provided with a full justification for the recommendation to change.

Our focus is on the selection and monitoring of the best investment managers within each investment sector. The dynamic in our advice is overlaying a quarterly macro-economic view on each carefully selected investment fund to reflect the particular risks within that investment sector. This is not achieved by our subjective opinion but rather through the expert opinion of an Investment Management Committee comprising of experienced investment professionals.

Each fund selected for client portfolios follows a five stage investment process – see overleaf for further details.

The first essential of investing any capital is to appreciate the significance of risk. Most people are concerned with market risk, i.e. the possibility that you might not get back the amount you originally invested. Risk needs to be managed since it cannot easily be avoided, as we have seen over the past few years with the financial crisis. Even cash held on deposit is at risk, since its real buying power can be eroded by inflation, as is the case at present. So the first step we need to consider is to decide the level of risk that is appropriate. We therefore discuss the level of investment risk you are able to take with your capital and complete a risk analysis questionnaire.

All investments inherently involve some degree of risk. As a general rule, investments that have the highest potential return also carry the greatest level of risk. Risk can be viewed as a pendulum, with risk on one side and reward on the other. The pendulum can swing high on the reward side, but equally high on the risk side. The degree of the swing is the 'volatility' or risk of the investment.

The assessed time it takes for the pendulum to complete a cycle (this will always be a guess) is also important as this sets the investment time horizon – how long the capital is invested. Low volatility investments can have a shorter investment period than higher risk ones, where the normal investment period should be between 5 and 10 years. The investment horizon should be driven by the period of time after which the investment is made to when proceeds could be needed, either as capital or in terms of the production of income, and this in turn will determine the level of risk that can be taken.

Stage 2 and 3 : Investment Screening and Analysis

Investment Screening

At the end of December 2009 there were some 2,524 UK domiciled investment funds (IMA 2009/2010 Annual Report) within the 32 Investment Management Association sectors alone. Essentially the investment sectors identify funds with a common investment objective allowing for the comparison of funds against their sector peer group. However, the variation in performance between the best and worst funds within a specific investment sector can be staggering. It is therefore important to select investment funds that are either consistently outperforming their sector peer group within acceptable risk tolerances or are consistently outperforming on a risk adjusted basis.

When selecting suitable investments we screen all the various investment sectors within our investment analysis system – "Analytics". By applying a number of filters we narrow our research to a few funds in each investment sector worthy of further examination.

Fund Analysis

The next step is to evaluate the funds identified in more depth. To do this we have a structured process of assessing individual funds and determining a risk rating.

We conduct a qualitative and quantitative investment review which involves assessing each investment fund manager and using additional independent research. The qualitative and quantitative review will produce an initial risk classification for the fund. Broadly speaking, this process accounts for around 40% of the overall fund risk rating.

Stage 4, 5 and 6 : Sector Risk, Portfolio Allocation and Monitoring

Sector Risk

It is essential in any investment portfolio to reflect changing economic conditions. The final stage in the overall fund risk rating process is to allocate a risk to the sector in which the investment fund is listed. This represents around 60% of the overall rating with the sector risk reviewed on a quarterly basis. This is assessed by an Investment Management Committee (IMC) comprising investment professionals. The IMC looks at the global macro-economic picture and determines a sector risk which is factored into the individual fund risk. The objective here is to develop a dynamic process that reflects changing economic conditions and the differing risks they bring to each asset class.

The IMC also discuss specific investment funds and other issues at a monthly meeting.

Portfolio Allocation

The result of the above process is that each fund analysed is allocated a risk classification. We have six risk classifications as follows:

EXTREME
HIGH
MODERATE TO HIGH
MODERATE
LOW TO MODERATE
MINIMAL

Once we have selected funds using the above process we allocate the funds to portfolios based on matching individual fund risk to your individual attitude to investment risk, determined by our risk questionnaire. A risk allocation is not an asset allocation, although it still produces a diversified portfolio.

We have formed risk graded portfolios which combine funds across each of the six risk categories above to reflect your overall attitude to investment risk. For example, a balanced attitude to investment risk will incorporate holdings from extreme to minimal in order to achieve a balanced portfolio of investments. We also have within these portfolios variants designed to achieve specific objectives, such as income, growth or a combination of the two. We have an ethical portfolio and portfolios specifically designed for charitable organisations.

Monitoring

The continued suitability of funds is monitored quarterly in terms of the overall risk of the fund. For different reasons funds may move between risk categories which may affect the weighting of that fund within your portfolio. If this happens then it may mean that a change in the portfolio is required and we would advise you accordingly.

McLaren Capital operates a competitive commercial based service. Our services are paid for on the basis of covering initial advice for financial planning and a clear policy for wealth management. This approach eliminates the issue of product or provider bias and means that the success of our clients' portfolios is a shared financial goal. Our costs are clear, transparent and above all else, fair.

As a result of our continuing success, McLaren Capital is able to offer some of the most competitive terms in the industry. Using our investment approach we are able to access special terms with the unit trust managers, meaning that our clients do not typically have the initial charges levied against purchases. (Indeed, you would pay no more than the bid price on the funds chosen – an average saving of at least 5.00% per fund).

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