Miton Investments Limited

The Company

Founded in 1986 and based in Reading, Miton is an independent company specialising in multi-manager 'fund of funds' products.

The corporate philosophy focuses on producing absolute returns across Miton's range of portfolios, no matter what the risk profile. Investor's should benefit more from Miton's imaginative and pragmatic approach to portfolio management than might be the case with traditional styles of investment management.

The company does not handle client money, nor does it get involved in the settlement of transactions. Dealing and administration is outsourced to Capita Financial Managers Ltd, who are a specialist third party provider, leaving Miton to focus on investment management, and providing support to introducers of business.

The OEIC Range

The four managed portfolios are all 'fund of funds', that provide investors access to the entire range of FSA approved investment funds, with responsibility for asset allocation and fund selection passed to the Miton fund management team.

- CF Miton Global Portfolio - Active Managed Sector
- CF Miton Special Situations - Balanced Managed Sector
- CF Miton Strategic Portfolio - Balanced Managed Sector
- CF Miton Extra Income Portfolio - Cautious Managed Sector

The Investment Process

Miton manage funds with an emphasis on absolute performance not relative to a set benchmark, although we are happy to demonstrate their consistent historic performance against most measurements. The aim is to achieve strong absolute performance, by protecting capital in difficult times whilst matching or indeed improving on returns in positive market conditions.

The managers believe that Tactical Asset Allocation is the key driver of performance rather than fund selection; i.e. where you invest, rather than what you buy. The process begins at the macro-economic level with the investment team taking a global overview of world economic activity (interest rate direction, inflation , market valuation, market momentum, political stability, sentiment etc) and its impact on the different asset classes: - Equities / Bonds / Cash / Property / Commodities.

Giving due consideration to the risk profile and objectives of each fund, an appropriate asset allocation mix is then determined on an absolute basis with assets selected where Miton see the opportunity to make good positive growth with limited downside. Miton do not use an index or benchmark to take relative under or overweight positions against, believing this widely used strategy inhibits the available investment universe and results in increased volatility with limited diversification.

Before selecting investment funds for each of the Miton Fund of Funds, screening for the required performance characteristics and due diligence checks on the management teams are carried out to ensure that a sound and predictable process to is in place. Portfolio construction then takes place within the differing investment objectives of the three funds as highlighted in the table overleaf. Miton's Investment Philosophy typically results in funds with low volatility that are less correlated to general market conditions. Even if the equity markets are flat or falling, Miton believe that, with good use of all the asset classes, it is possible to achieve positive absolute

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Miton Fund Classification & Sector Restrictions

Miton Fund (IMA Sector)	*Maximum % in Equities*	*Asset Allocation view*	*Approximate Annual Turnover %*	*Optimum Number of Holdings*	*Income Target*
Global (Active)	*No Restriction*	*3-6mths*	*100*	*10-15*	*n/a*
Special Situations (Balanced)	*85*	*3mths – 3yrs*	*75*	*25*	*n/a*
Strategic (Balanced)	*85*	*1yr +*	*50*	*20-30*	*n/a*
Ex Income (Cautious)	*60*	*1yr +*	*40*	*10-20*	*5% Gross or 125% of FT Allshare Yield*

The Investment Team

Miton's award-winning team of fund managers has a combined investment management experience approaching 100 years.

Martin Gray – Began investment career with PBR Fund Management in 1979. Set up the investment department at Roxborough FS plc in 1987 and became a director in 1990. Joined Miton Investments as a director in 1994, and Dec 1996 saw the launch of the CF Miton Strategic Growth Trust, which is the top fund in sector since launch and which won the 2004 Multi-Manager Award. Martin is currently rated AA by Citywire (citywire.co.uk) and topped the Hot 100 list of all fund managers over 3 years (Professional Advisor Jul 04).

Sam Liddle – Began investment career with Morgan Grenfell in 1984 launching their portfolio service in 1989. In 1995 he moved to Singer & Friedlander and in 1999 he moved to Legg Mason investors to undertake a similar role. In Jan 2003 Sam joined Miton Investments and brought with him the CF Miton Global Portfolio and CF Miton Extra Income Portfolio. The CF Miton Global portfolio is top decilesince launch in its sector on 9/03/01(Lipper Hindsight correct to 31/1/04).

David Pailairet - Began his investment career with PBR Fund Management in 1979 where he launched a range of life and pension funds. In 2000 the management of these funds moved to Miton Investments and David joined the Miton Investment team as a Market Strategist. David is a member of The Society of Technical Analysts.

Tom McGrath – Began his investment career in 1989 with INVESCO / Perpetual as a private client advisor on their Managed Portfolio Service. In 1993 he became responsible for portfolio benchmarking and implementation of risk control for the retail range of funds. In 1999 he joined Close Bros as Specialist Sales Manager before joining Miton Investments in May 2001. Tom is currently AA rated by Citywire.

Mel Howard – Began her investment career in 1999 with Capita Financial Managers. Has recently joined Miton in 2004 to further strengthen the research team, specialising in quantitative fund analysis and performance attribution.