

S. W. MITCHELL CAPITAL LLP
APRIL 2011

Jamie Carter

AGENDA

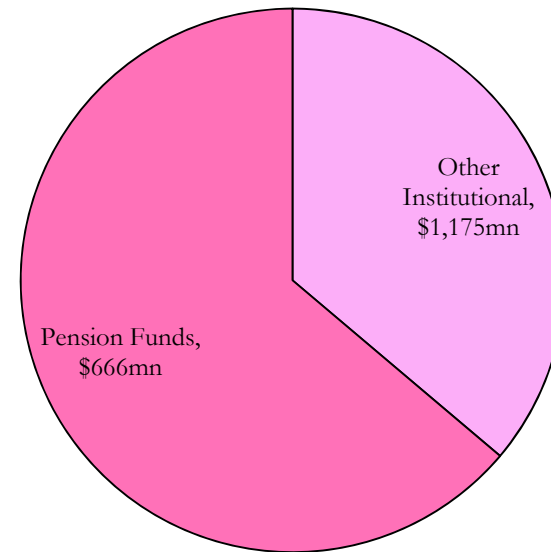
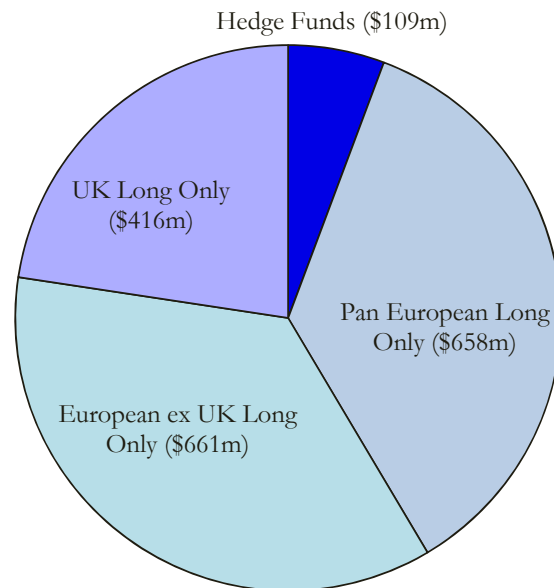
1. ORGANISATION
2. INVESTMENT PROCESS
3. PORTFOLIO CONSTRUCTION
4. RISK
5. MARKET CONTEXT
6. PERFORMANCE REVIEW

ORGANISATION



S. W. MITCHELL CAPITAL LLP

- ◆ INDEPENDENT INVESTMENT MANAGER, ESTABLISHED IN LONDON AND AUTHORISED AND REGULATED BY THE FINANCIAL SERVICES AUTHORITY (FSA)
- ◆ FOUNDED IN MARCH 2005 BY STUART MITCHELL
- ◆ CURRENT FUNDS UNDER MANAGEMENT \$1,840M



THE TEAM



STUART MITCHELL
FOUNDER
INVESTMENT MANAGER



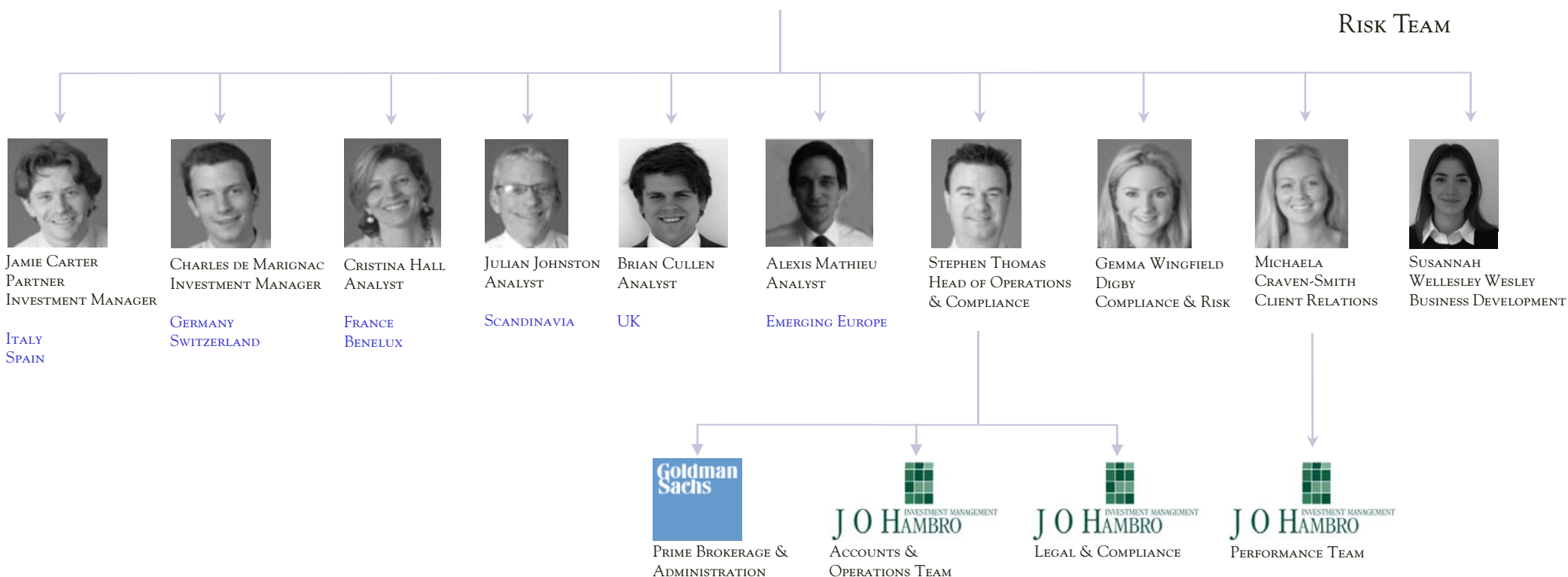
JO HAMBRO

DEALING TEAM



JO HAMBRO

RISK TEAM



JAMIE CARTER

PARTNER, INVESTMENT MANAGER



Jamie was born in England and educated at Radley College where he was a scholar, and at Oxford University where he read Classics.

Jamie joined J O Hambro Investment Management (JOHIM) in 1997. He worked there until June 2006 during which time he researched US companies, with a particular emphasis on technology, media and telecommunications. During this time he worked very closely with Stuart Mitchell on the global team.

Jamie joined S. W. Mitchell Capital LLP on 1st July 2006 and launched a long/short fund – The S. W. Mitchell Small Cap European Fund – on 1st November 2007. Over the three years since inception the Fund rose by 55%. By contrast its benchmark, the FTSE World Europe, fell by -23%. Jamie became a Partner in April 2010.

STUART MITCHELL

FOUNDER, INVESTMENT MANAGER



Stuart was born in Scotland and educated at Fettes College and St. Andrews University where he read Medieval History.

Upon leaving University in 1987 he joined Morgan Grenfell Asset Management (MGAM) and soon afterwards assumed responsibility for managing the continental European equity assets for MGAM's British pension fund clients. Stuart was appointed a director of MGAM in 1996. He was then made Head of European Equities and was responsible for \$27 billion of equity assets. Whilst at MGAM he managed the Morgan Grenfell European Fund from January 1990 to June 1996. The fund rose by 123% over that time compared with 85% for the benchmark index. The Fund was awarded 1st place by Micropal (5 year awards) in 1996.

In 1998 Stuart left MGAM to become a principal, director and Head of Specialist Equities at J O Hambro Investment Management (JOHIM). At JOHIM he set up and managed a long/short European fund, The Charlemagne Fund. He also managed since inception in December 1998 until March 2005 the JOHIM European Fund. The Fund rose by 133% over that time period and was number 1 rated by Micropal within its sector and three star ranked by S&P*. Stuart left JOHIM in March 2005 to establish his own firm S. W. Mitchell Capital LLP.

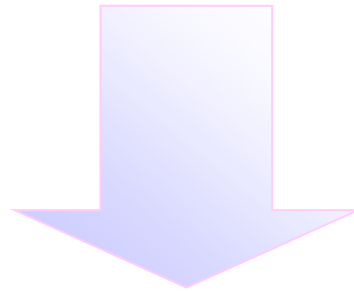
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INVESTMENT PROCESS

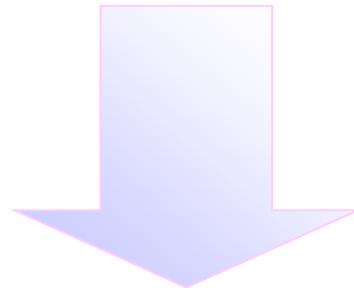


INVESTMENT PHILOSOPHY

INEFFICIENT MARKETS



COMPANY VISITS



STOCK PICKING

COMPETITIVE ADVANTAGE

- ◆ EXPERIENCED TEAM
- ◆ STRONG COMPANY CULTURE
- ◆ CONSISTENT INVESTMENT APPROACH
- ◆ EXCELLENT 20 YEAR TRACK RECORD

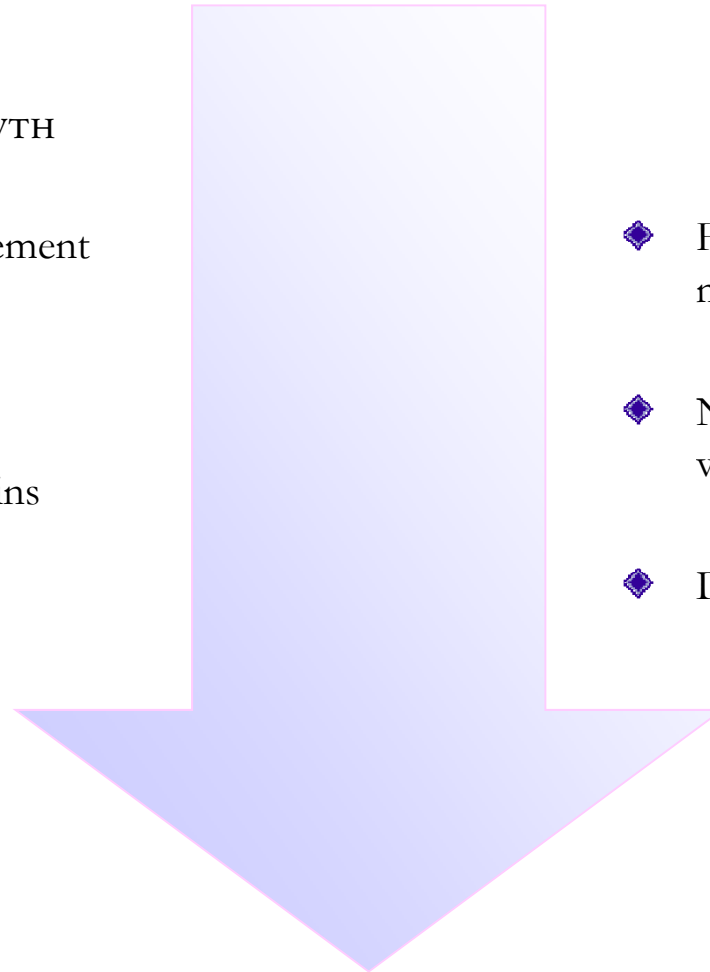
WHAT WE LOOK FOR IN STOCKS

QUALITY GROWTH

- ◆ Shareholder-focused management
- ◆ Strong long-term growth
- ◆ Sustainably high profit margins
- ◆ Balance sheet strength

RESTRUCTURING

- ◆ Franchise value masked by poor management or weak balance sheet
- ◆ New management unlocks hidden value
- ◆ Discount to private market value



STOCK PICKING

STOCK PICKING

SCREENS

- ◆ Analyst earnings forecasts - upgrades and downgrades
- ◆ Key valuation metrics (PER, CFM, ROE, ROCE)
- ◆ Long term valuation measures (EV/sales)

IDEA HUNTING

- ◆ All sectors
All countries
All market caps
- ◆ 700 company visits per year
- ◆ Close contact with management of existing investments

ADVISORS

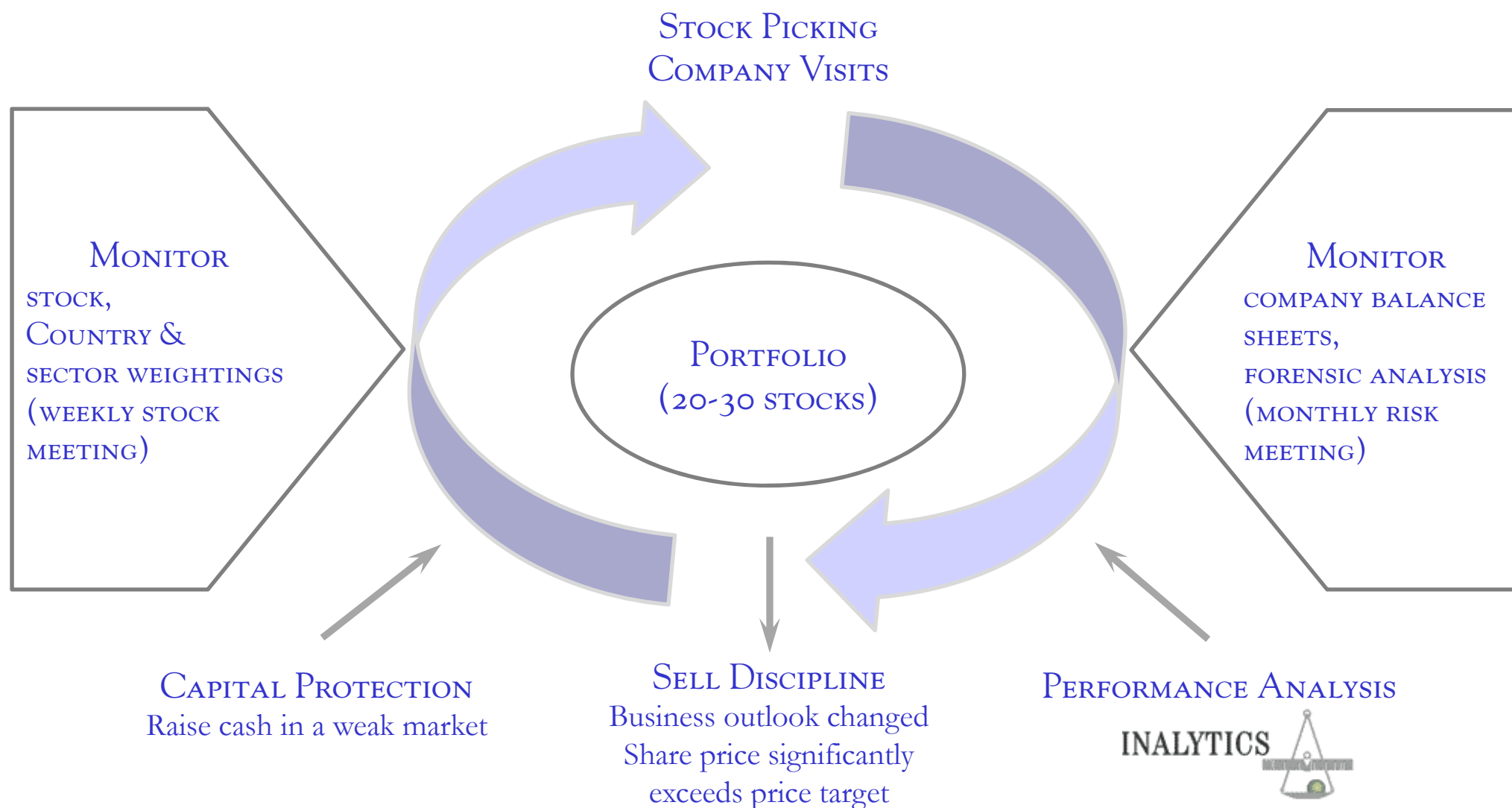
- ◆ Close relations with specialist research boutiques
- ◆ Commission bespoke research

PORTFOLIO CONSTRUCTION

PORTFOLIO CONSTRUCTION



PORTFOLIO CONSTRUCTION



Risk



RISK CONTROLS

STOCK/FUND RISK	Weekly and quarterly review meetings
TRADING	JOHIM bespoke “DSA” dealing system
COMPLIANCE	Daily – cash levels Twice weekly – Mandate guidelines Monthly – Full reports
CASH/STOCK RECONCILIATIONS	Mid-month, end-month, <i>and</i> ad hoc
OPERATIONS	Full quarterly operations and business risk review

◆ Rigorous attention to risk in all its forms

RISK GUIDELINES: WE HAVE NO FORMALLY ENFORCED RISK GUIDELINES BUT WE TRY TO MANAGE THE PORTFOLIO WITHIN THE FOLLOWING PARAMETERS

- NET: MAX 100% LONG/SHORT
- GROSS: MAX 150%

- STOCK LIQUIDITY:

No. of positions permitted	Long positions	Short positions
>1 day average volume	5	3
>2 days average volume	3	2
>3 days average volume	1	1

- CONCENTRATION: LONG TOP 10 POSITIONS < 50%
SHORT TOP 10 POSITIONS < 25%
- COUNTRY EXPOSURE: NET < 25% GROSS < 40%
- SECTOR EXPOSURE: NET < 25% GROSS < 40%
- NUMBER OF POSITIONS: MAX 40 LONGS AND 30 SHORTS (TYPICALLY 30 LONGS AND 15 SHORTS)

RISK GUIDELINES II

- STOP LOSS: LONG: DOWN 15% ➡ QUESTION DOWN 20% ➡ FORMAL DISCUSSION
SHORT: UP 10% ➡ QUESTION UP 15% ➡ FORMAL DISCUSSION
NAV HIT: MORE THAN 1% FROM SINGLE POSITION FORMAL DISCUSSION
- POSITION SIZE: LONG >5% ➡ QUESTION >8% ➡ FORMAL DISCUSSION
SHORT >2.5% ➡ QUESTION >4% ➡ FORMAL DISCUSSION
- DRAWDOWN: > 5% ➡ QUESTION
> 10% ➡ FORMAL MEETING WITH RISK COMMITTEE (JDPC, SWM, JRJ, ST)

MARKET CONTEXT



WHY EUROPE?

- ◆ DIVERSITY AND QUALITY MANAGEMENT: LONG AND SHORT IDEAS
- ◆ QUALITY AND QUANTITY OF RESEARCH DIRE: LEADS TO MARKET INEFFICIENCIES
- ◆ DIFFERENT ECONOMIC SITUATIONS ACROSS EUROPE: OPPORTUNITY FOR STOCK PICKERS
- ◆ GOVERNMENT AND CENTRAL BANKS ADDRESSING THE CRISIS



OUR STOCK PICKING INVESTMENT
PROCESS CAPITALISES ON THESE TRENDS

WHY SMALL CAP?

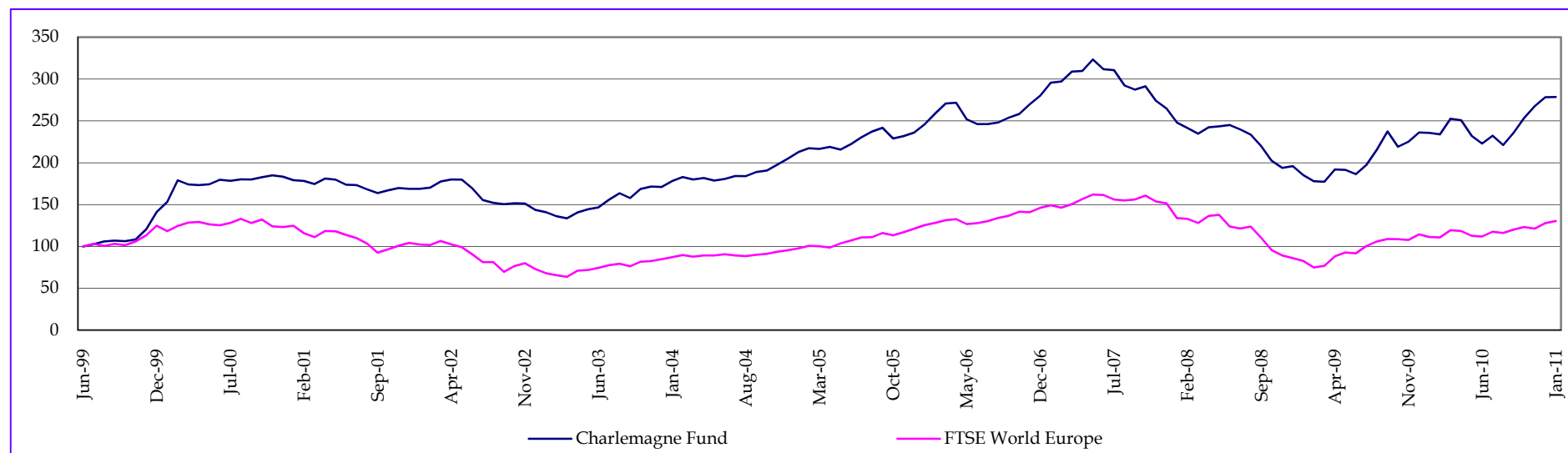
- ◆ PERFORMANCE: SMID CAPS HAVE UNDERPERFORMED LARGE CAPS BY 13% SINCE 2007 HIGH
- ◆ VALUATION: 39% OF STOCKS ARE STILL DOWN MORE THAN 50% FROM THEIR HIGHS
- ◆ PAUCITY OF RESEARCH: INEFFICIENCIES IN MARKETS MOST GLARING IN SMID CAPS
- ◆ EXPERTISE: UNIQUE TECHNICAL CHALLENGES AND FOCUS REQUIRED
- ◆ SHORTING: LUCRATIVE OPPORTUNITIES – BODIES CANNOT BE BURIED
- ◆ UNIQUE OPPORTUNITIES: ‘GEMS’/‘DOGS’ ARE NOT HIDDEN WITHIN THE STRUCTURE OF A LARGER COMPANY

PERFORMANCE REVIEW



S. W. MITCHELL EUROPEAN FUND (LONG/SHORT)

Year	January	February	March	April	May	June	July	August	September	October	November	December	Calendar Year
1999						+2.69%	+3.24%	+0.87%	-0.58%	+1.91%	+11.29%	+16.98%	+41.05%
2000	+8.48%	+17.00%	-2.73%	-0.46%	+0.55%	+3.05%	-0.63%	+0.97%	-0.15%	+1.53%	+1.18%	-0.83%	+29.99%
2001	-2.23%	-0.57%	-2.04%	+3.73%	-0.70%	-3.39%	-0.26%	-2.94%	-2.60%	+1.96%	+1.63%	-0.52%	-7.89%
2002	-0.03%	+0.86%	+4.36%	+1.28%	-0.05%	-5.80%	-8.24%	-2.17%	-1.70%	+0.74%	-0.16%	-5.08%	-14.93%
2003	-1.94%	-3.38%	-1.86%	+5.32%	+2.67%	+1.61%	+6.11%	+5.05%	-3.53%	+6.93%	+1.69%	-0.28%	+19.11%
2004	+4.11%	+2.68%	-1.56%	+0.92%	-1.61%	+1.01%	+1.98%	-0.13%	+2.72%	+0.89%	+3.69%	+3.62%	+19.70%
2005	+3.86%	+2.16%	-0.36%	+1.10%	-1.42%	+2.97%	+3.71%	+2.96%	+1.87%	-5.24%	+1.23%	+1.33%	+14.72%
2006	+3.96%	+4.83%	+4.55%	+0.30%	-7.34%	-2.14%	-0.06%	+0.84%	+2.39%	+1.82%	+4.58%	+3.84%	+18.22%
2007	+5.47%	+0.50%	+4.17%	+0.34%	+4.47%	-3.66%	-0.28%	-6.14%	-1.75%	+1.46%	-6.30%	-3.37%	-5.97%
2008	-6.62%	-2.80%	-3.02%	+3.67%	+0.45%	+0.61%	-2.35%	-3.41%	-7.28%	-9.69%	-4.42%	+2.18%	-28.86%
2009	-6.18%	-3.73%	-0.30%	+9.01%	-0.70%	-2.78%	+5.30%	+10.35%	+9.50%	-7.72%	+3.02%	+5.02%	+20.30%
2010	-0.26%	-0.92%	+7.98%	-0.68%	-7.16%	-4.21%	+5.77%	-4.70%	+7.16%	7.63%	+1.89%	+4.88%	+17.13%
2011	+1.02%	+2.69%	-2.08%										+1.58%
* Launch of S. W. Mitchell European Limited, historical figures prior to this date from The Charlemagne Fund Limited													

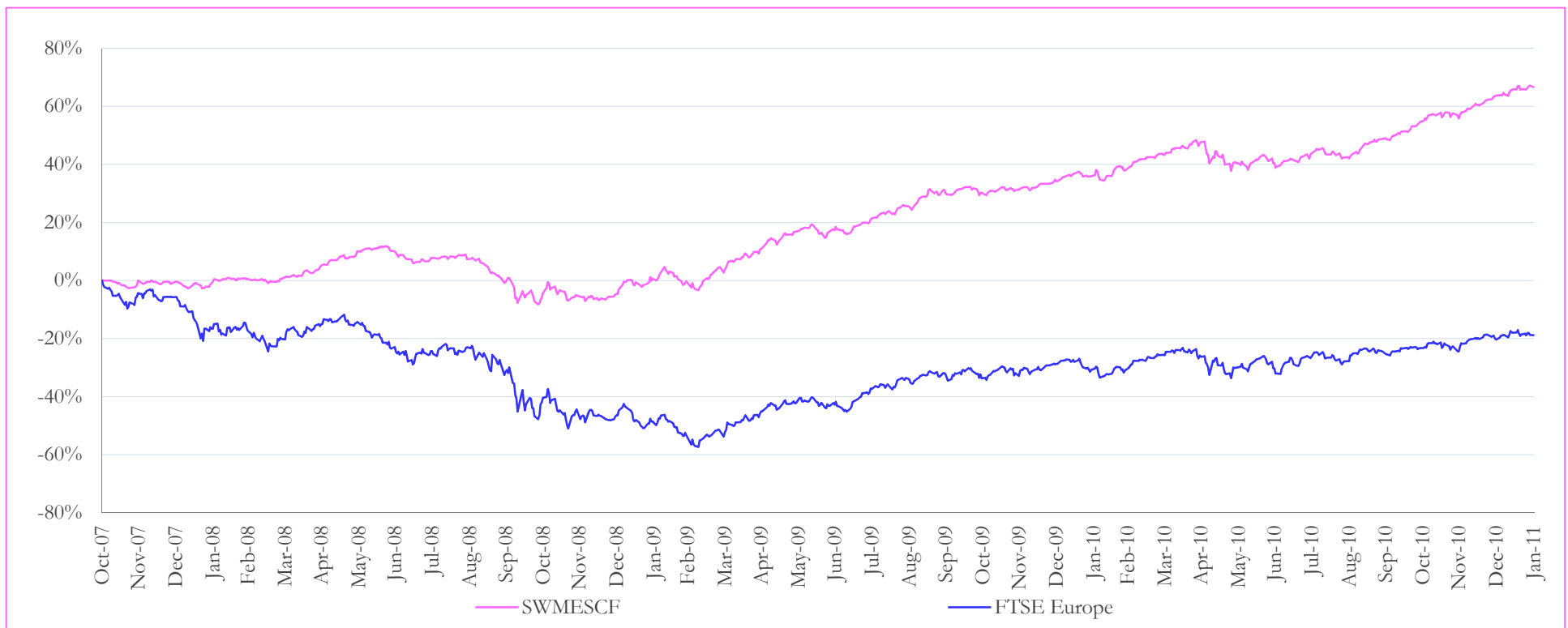


Source: JOHIM

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S. W. MITCHELL SMALL CAP EUROPEAN FUND (LONG/SHORT)

	January	February	March	April	May	June	July	August	September	October	November	December	Year-to-Date	Index Year-to-Date
2007											0.0%	-0.5%	-0.5%	-5.7%
2008	0.0%	1.0%	0.6%	4.0%	4.7%	-0.1%	-2.1%	-0.4%	-7.3%	-3.9%	-0.9%	0.6%	-4.6%	-46.5%
2009	5.5%	-0.9%	4.1%	6.7%	5.4%	0.4%	3.5%	3.3%	3.8%	0.0%	0.8%	2.3%	40.8%	33.2%
2010	1.3%	1.4%	4.0%	3.0%	-5.0%	0.1%	2.2%	-1.0%	4.9%	3.8%	0.7%	5.1%	22.0%	11.7%
2011	1.8%	1.3%	-0.3%										2.7%	0.9%
Since Inception*													68.2%	-19.6%



Source: JOHIM

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