

The Diversified Portfolio Service

For clients applying through an Independent Financial Adviser

About Cornelian Asset Managers

Cornelian Asset Managers is an independent, specialist investment management company based in Edinburgh, the UK's second largest centre for financial services after the City of London. We provide professional investment management services to private clients, trusts, charities and pension funds.

Cornelian Asset Managers has built a reputation for excellent service and strong investment performance. The basis of this success has been the experience and quality of our team of investment managers, coupled with the inherent strengths of our investment process.

Full biographical details of our team are available at www.cornelianam.com

The Diversified Portfolios

We are aware that many clients who have less than the minimum investment of £500,000 required for a segregated discretionary portfolio will find it difficult to obtain the breadth of exposure to global markets and asset classes that larger portfolios can achieve. The Cornelian Diversified Portfolio offers a multi-asset investment solution to enable clients to gain access to the same investment expertise, enjoy the same level of diversification and benefit from the high level of reporting that is available to our segregated discretionary clients.

This service may also suit clients who have in excess of £500,000 to invest who do not wish a bespoke discretionary portfolio but seek to benefit from the tax efficiency of holding their investments in a fund structure.

The Cornelian Diversified Portfolio offers access to a strong investment process, high quality reporting and a multi-asset portfolio that is held in a fund structure. The minimum investment is £100,000.

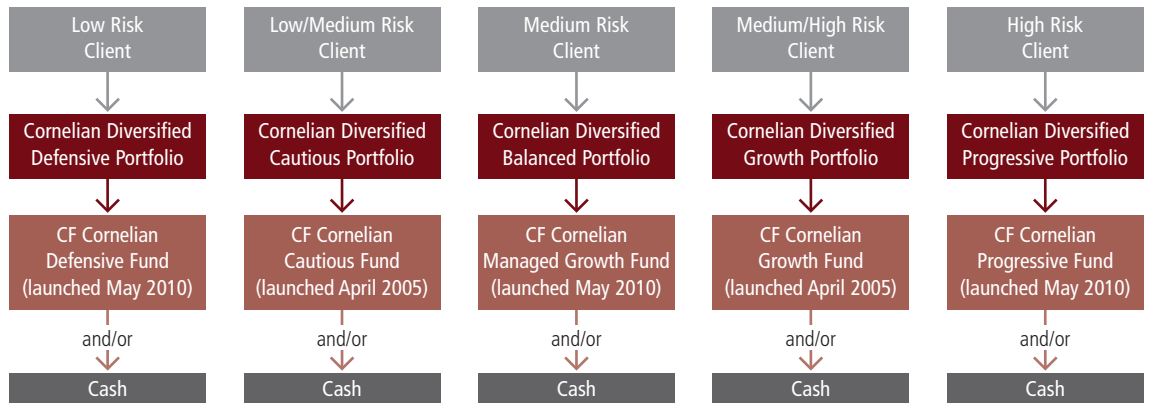
The funds represent a pool of investments providing the client with a broad range of investments spread across different types of assets and geographies. They are similar to the type of investments that would be included within an individual discretionary portfolio with similar objectives. The Cornelian Diversified Portfolio enables you to hold a wide range of investments and assets but through a fund. Typically the funds will hold a blend of assets e.g. UK equities, global funds, fixed interest and alternative investments such as property funds, absolute return funds, private equity funds, infrastructure funds and structured products to create a well balanced and diversified portfolio.



How the Cornelian Diversified Portfolio works

You enter into a Discretionary Investment Management agreement with Cornelian Asset Managers. Depending upon the investment objectives, risk profile and selections made by you the funds will then be invested in one of five types of portfolios:

- Cornelian Diversified Defensive Portfolio**
 for those clients wishing to achieve long term capital growth and income by investing the majority of the assets in fixed interest funds, cash and alternative assets. This portfolio is suitable for a low risk investor.
- Cornelian Diversified Cautious Portfolio**
 for those clients wishing to achieve long term capital growth and income by investing in a smaller proportion of UK and International equities as well as fixed interest funds and alternative assets. This portfolio is suitable for a low/medium risk investor.
- Cornelian Diversified Balanced Portfolio**
 for those clients wishing to achieve long term capital growth and income by investing across a range of assets including UK and International equities, fixed interest funds and alternative investments. This portfolio is suitable for a medium risk investor.
- Cornelian Diversified Growth Portfolio**
 for those clients wishing to achieve long term capital growth by investing across a range of assets including UK and International equity markets. This portfolio is suitable for a medium/high risk investor.
- Cornelian Diversified Progressive Portfolio**
 for those clients wishing to achieve long term capital growth by investing mainly in UK and International equity markets. This portfolio is suitable for a high risk investor.



The Staged Investment Option

Cornelian recognises that at times markets can be volatile and it may be that you would prefer to make investments over a period of time and not in one lump sum. This can be a prudent approach as it averages out the cost of purchase over the selected time period. In order to cater for this the Cornelian Diversified Portfolios have a staged entry facility. Provided at least £30,000 is invested in the underlying Fund at the outset, the remainder of the assets can be held in cash in the portfolio and will be automatically invested in equal monthly instalments (the last working day of each month) over any time period up to one year. No commission will be charged on these investments, however, a one-off administration fee of £150 plus VAT is payable at the outset for this service. Interest will be paid on the un-invested cash at 1.5% below base rate.

Reporting

You will receive high quality half-yearly reports (normally only available to segregated discretionary clients). The report will contain:

- Overview of Market Performance and Market Outlook
- Detailed explanation and commentary by the Investment Manager on performance of investments and comparison with relevant benchmark and Retail Price Index (RPI)
- Individual Portfolio Summary
- Portfolio Valuation
- Statement of Capital and Income Accounts
- Transaction Details

The reports are prepared and issued as at April and October each year and an example report is available upon request. In addition you will receive an annual tax booklet. Should more frequent reports be required, quarterly reports can be produced at an additional cost of £200 per annum plus VAT.

Individual On-line Valuation Service

You (and your adviser if required) will be provided with a password allowing access to a secure section of the Cornelian website. This will enable you to access the value of the portfolio as at the previous day's prices.

Income

Should you wish to take income in excess of that generated by the Fund, you can agree an appropriate monthly payment with your manager who will then redeem sufficient units on a six-monthly basis to cover the income payments.

Risk Factors

Your portfolio will be invested in one of the underlying CF Cornelian Funds. These Funds will make investments in shares and other funds. Please remember that the value of investments and the income derived therefrom may fall as well as rise and you may not get back the amount that you invest. Past performance is not a guide to future returns.

Fees & Charges

The following charges apply:

- An initial charge of 0.5% of the amount invested up to a maximum of £1,000 payable to Cornelian Asset Managers.
- The annual management charge for each fund is 1.5% with up to 0.6% of the value of the fund available to agents as trail commission. Where the agent does not wish to take commission, the annual management charge for each fund is 0.9%.
- £40 commission will be charged on redemption of units.
- A single administration charge of £150 for the Staged Investment Option.
- VAT will be charged on the above fees where appropriate.

There are no further charges for:

- Custody services
- Six-monthly reporting
- Online valuation service

How to open a Cornelian Diversified Portfolio

For clients applying direct to Cornelian Asset Managers:

- Complete and sign a Client Financial Profile and Instructions form

Send the completed form to:
Cornelian Asset Managers
21 Charlotte Square
Edinburgh
EH2 4DF

On receipt of your form an Investment Manager will contact you to discuss your requirements and send you an Investment Management Agreement for your signature.

For clients applying through an Independent Financial Adviser:

- Please complete the Client Financial Profile & Instructions form and contact your financial adviser.

Why choose Cornelian Asset Managers

We aim to provide you with:

- excellent investment performance
- a rigorous investment process
- well-diversified, multi-asset portfolios
- premium service delivered by highly experienced investment managers.

We are an independent, privately-owned company. Our interests as business owners and investors are closely aligned with success for our clients.

Further Information

If you would like any further information on the Cornelian Diversified Portfolios, please contact the Private Clients & Charities Team on 0131 243 4130 or email to info@cornelianam.com

www.cornelianam.com

