



Exclusive Bulletin

30th March 2016

Dear Clients

A new management deal

This edition of our News Bulletin will deal exclusively with a new arrangement for our clients to obtain better performance from their KMI arranged investment portfolios without having to switch the wrapper provider (Old Mutual International (OMI) etc).

In addition KMI will continue to advise and work with the new investment management team.

I should say at once this is an additional service and option for our clients, it is an extra choice and certainly not compulsory. A further note, it does not impinge on our relationship with WH Ireland who take some of our clients' monies and manage the funds completely.

The changed circumstances on world markets

I have intimated in our KMI newsletters that the investment world is now a far different place since the financial crises of 2007/8 than it was before. The debts owed by countries is so significant that they have changed governments' decisions on running economies. They have also changed money managers who now believe that longer term investing is just too high risk as future events just cannot be predicted, as there is no known sure remedy to solve this debt situation.

Governments have been trying to work with the debt crises now for eight years. They have tried everything except inflation which is deemed to be too dangerous. Low interest rates are now the norm. Governments due to the high cost of servicing this "debt mountain" cannot raise national interest rates (apart from very minimally) because to do so would mean stringent cuts in spending, closing ten hospitals for example!

Investment for Today!

With the above in mind there is a need to monitor investments on a 24/7 basis to extract a reasonable return, the days of placing an investment and leaving it to mature and grow, Warren Buffet style, have disappeared, at least for the foreseeable future and at least until the majority of the debt mountain has been repaid.

This being the case, KMI feel that in our clients' best interest we need a 24/7 fund manager to supplement our own advice and our choice of investments.

Costs too, have become highlighted in this lower return environment. If we take on a new 24/7 fund manager, they will have to be paid, and we at KMI have wrestled with these issues. Finally, we have come up with a solution. **Mansard** will be our new fund Managers working with KMI, but not independent of KMI.

Mansard Capital Management (London) & KMI

KMI, through myself, will be in constant discussion with Mansard regarding choice of assets for all three funds, thus pooling our knowledge of current market trends and worries.

Mansard and their funds are already well known to KMI, we use them for our portfolios currently. Their performance is good and they will be running three portfolios for KMI as follows:

- 1) **Prudent**; This portfolio, available in €, £ & US\$ is set to achieve 5% per annum, the breakdown of assets is as shown on the attached Flyer.
- 2) **Dynamic**; This portfolio also available in €, £ & US\$ is set to achieve 8% per annum, higher risk than the Prudent portfolio but lower than the Opportunistic Portfolio. See the attached Flyer for breakdown of assets.
- 3) **Opportunistic**; Again available in €, £ & US\$, this portfolio is set to achieve 10% per annum, the risk is higher than the previous portfolio, see the Flyer attached for a full list of assets.

Fees

Mansard have agreed to waive all fees on the management of these portfolios, thus solving a major issue with KMI's requirements, unless they over achieve the set performance of each portfolio. In other words, unless clients received in excess of 5%, 8% & 10% of the respective portfolio there will be no fee from Mansard.

Performance Fee, in the event that Mansard over perform the respective benchmark of 5%, 8% & 10% (dependent on fund), there will be a 20% performance fee charged on the excess over these barriers. These charges will be sent direct to the client who may choose to withdraw the respective fee from the gains in his portfolio. These charges will be sent directly to Mansard by the client as KMI do not handle client's money.

Safety built in

Since the funds will be monitored daily, in the event of a dramatic downturn, the assets in each fund may be sold immediately and the resulting cash retained until markets stabilise, thus a degree of safety is built into the management.

Reporting by Mansard

In addition to the normal valuations from the wrapper provider Mansard will provide a more detailed portfolio assessment on a monthly basis. Here clients will be able to see exactly where the portfolio has made gains or losses, ensuring greater visibility.

A quote from the Mansard CEO:

*Financial regulation has dramatically changed over the past couple of years. These changes have led many financial advisers to outsource investment advice to discretionary asset managers. Mansard Capital Management are extremely pleased to have been selected by KMI Consultants who are at the forefront of regulation to build out their bespoke model portfolio service. We are keen to work alongside KMI, helping them to support their clients and deliver strong positive performance. **Leon Diamond CEO Mansard Capital Management.***

Webinar Monthly and Quarterly

A dial in Webinar will be available for clients to enable a direct link and discussion with the managers of the various three funds.

Switching between the three funds will be at a no charge basis, therefore allowing clients to vary their risk profiles in a simple ongoing way.

The differences to full Discretionary Fund Management arrangements with WH Ireland

Clients can have a part of their portfolios managed by the new KMI/Mansard arrangement.

KMI continue to action all transactions with the product/wrapper provider (OMI & RL360 for example)

We believe this new system of managing clients' portfolios will not only improve performance but protect clients from some of the damaging volatility experiences in the last few years, we recommend this to our clients.

Mechanics

For those clients wishing to switch to this new Mansard/KMI arrangement there is NO charge or cost for the switch over.

There are two forms for completion which satisfy the compliance of Mansard's UK FCA registration. Both forms require your signature.

1. Investor Profile Questionnaire

This form assists with identifying the type of Mansard portfolio that it is applicable to you. Please read and complete, ticking the qualified investor box, then sign and date prior to scanning and returning to this office.

2. Discretionary Portfolio Allocation Model Service

After completing the profile questionnaire above, please read and complete this agreement form before signing, scanning and returning to this office.

As ever, please feel free to contact us with any queries you may have with this process.

Please find attached the two forms mentioned above, a further copy of this bulletin and the three Mansard model portfolios.

On behalf of us at KMI, we hope you find this Bulletin of interest!

Sincerely

Lee

CEO KMI

Lee R.J. Green *Cert.PFS*

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