

Boutique funds: Elevation Capital

NEVILLE GLASER CONTINUES HIS SERIES ON BOUTIQUE FUNDS WITH A NUTS AND BOLTS LOOK AT ELEVATION CAPITAL. IN COMMON WITH MOST OF THE BOUTIQUE FUNDS, ELEVATION'S DIRECTORS INVEST A GOOD CHUNK OF THEIR OWN MONEY IN THE FUNDS

Who?

Elevation was founded by Christopher Swasbrook in 2006, and currently manages two funds. Swasbrook was a partner at Goldman Sachs JBWere. working there from 1997 - August 2006, and is well regarded in the industry. He drew in other high profile directors, including Craig Stobo (Chairman), Sir Henry van der Heyden (Non-Executive Director), Andrew Harnos (Non-Executive Director), and Steve Smith (Non-Executive Director). Elevation stresses that each director has invested at least \$250,000 of his own money in the fund and Swasbrook a great deal more. This aligns the directors' interests with those of the investors.

What?

Elevation has two funds, the Value Fund and the Multi Strategy Fund, with around \$15 million under management. The Value Fund is an investment fund aimed at long-term capital growth from a portfolio of global equities acquired because they are deemed to be trading below their intrinsic value. The Multi Strategy Fund is more concentrated, fewer shares and is a more aggressive fund.

How?

The strategy for The Value Fund is to find companies that are undervalued using the classic techniques devised by Benjamin Graham. This involves extensive balance sheet analysis to identify real assets that may not be fully reflected in the share price. It looks for stocks trading at a discount in relation to their net asset base, with low debt

levels, and which have a history of paying dividends. By its nature this is a long term strategy as value often takes some years to be fully realised in the price.

The Multi Strategy Fund utilises the same value philosophy while also focusing on industry consolidation, liquidations, merger arbitrage and capital structure arbitrage. This fund also has a higher concentration of investments and is "activist" with its investments. A large proportion of this funds investments are currently focused on companies that are ripe for liquidation, takeover, merger or generally getting caught up in some consolidation of their industry. This is when hidden value is often unlocked in companies that appear sleepy and slow moving to the normal investor. This is a more aggressive fund than the Value Fund as the portfolio is not as diversified.

Fees

The Value Fund charges a management fee of 0.95%. There is also a performance fee of 20% of any gains above the benchmark, which is CPI plus 5%. It has a high water mark which limits the performance fee in a fluctuating market.

The Multi Strategy Fund charges 1.75%. There is a performance fee of 20% on anything over the OCR (official cash rate) with a high water mark.

Investor Profile

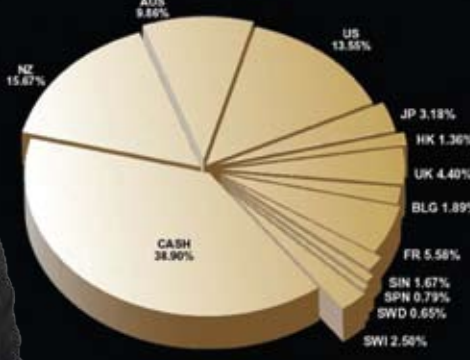
The Value Fund is for investors who are seeking positive absolute returns over the long term and so is ideal for saving towards long term goals such as retirement.

The Multi Strategy Fund is for more sophisticated long term investors as the strategy could lead to increased volatility over shorter time periods.



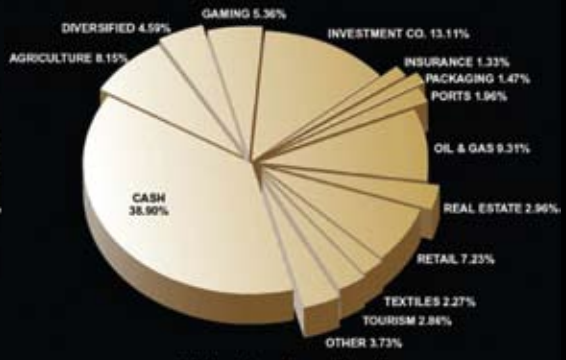
Christopher Swasbrook

Portfolio By Country



Total number of securities: 43

Portfolio By Industry



Total number of securities: 43




ELEVATION CAPITAL[®]
"Independent Thinking - Disciplined Investing"



 ELEVATION CAPITAL[®] | MULTI STRATEGY FUND

 ELEVATION CAPITAL[®] | VALUE FUND

 ELEVATION CAPITAL[®] | FINANCIAL LITERACY PROGRAM

 www.elevationcapital.co.nz

PO Box 911145 Victoria Street West Auckland 1142
Telephone + 64 9 307 6741 Facsimile +64 9 307 6742