



MGH ASSET MANAGEMENT

FORM ADV PART 2A: Firm Brochure

MGH Asset Management Limited

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This brochure provides information about the qualifications and business practices of MGH Asset Management Limited. If you have any questions about the content of this brochure, please contact us at +64 4 3845271, or by email at: info@mgham.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Additional information about MGH Asset Management is also available on the SEC website at: www.adviserinfo.sec.gov

MGH Asset Management Limited is registered with the US Securities & Exchange Commission. Registration as an Investment Advisor does not imply any level of skill or training.

Item 2: Summary of Material Changes

This item discusses only the material changes that have occurred to this brochure since MGH Asset Management's last annual update dated 20 June 2014.

MGH Asset Management does not have any material changes to disclose in this item.

If you would like to receive a copy of our brochure please email us at info@mgham.com.

Item 3: Table of Contents

Item 2:	Summary of Material Changes	2
	Brochure Available.....	2
Item 3:	Table of Contents	3
Item 4:	Advisory Business.....	4
	Firm Description	4
	Principal Owners	4
	Types of Advisory Services	4
Item 5:	Fees and Compensation	5
Item 6:	Performance Based Fees and Side-by-Side Management	5
	Performance Fees	5
	Side-by-Side Management Fees	6
Item 7:	Types of Clients	6
Item 8:	Methods of Analysis, Investment Strategies and Risk of Loss	7
	Methods of Analysis	7
	Investment Strategy	8
	Investment Risk	8
Item 9:	Disciplinary Information	9
Item 10:	Other Financial Industry Activities and Affiliations.....	10
Item 11:	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	10
	Code of Ethics	10
	Participation or Interest in Client Transactions	11
	Personal Trading	11
Item 12:	Brokerage Practices	12
Item 13:	Review of Accounts	12
Item 14:	Client Referrals and Other Compensation	12
Item 15:	Custody	13
Item 16:	Investment Discretion	13
Item 17:	Voting Client Securities	13
Item 18:	Financial Information	14

Item 4: Advisory Business

Firm Description

MGH Asset Management was founded in 2002 by its Directors, Michael Gibbs-Harris and Molli-Jamie Gibbs-Harris, and is a SEC registered investment adviser providing investment management services to the MGH Investment Fund Limited. MGH Asset Management Limited is a New Zealand registered company.

Principal Owners

The Gibbs-Harris Family Trust is the principal shareholder (98%) of MGH Asset Management Limited. The remaining shareholders are Michael Wyn Gibbs-Harris (1%) and Molli-Jamie Gibbs-Harris (1%).

The Trustees of the Gibbs-Harris Family Trust are: Brandons Trustees Limited (75%), Michael Wyn Gibbs-Harris and Molli-Jamie Gibbs-Harris (25%). Brandons Trustees Limited is an independent professional trustee company owned by the Brandons Legal Partnership.

MGH Asset Management has \$15,979,516 of assets under management as at March 31 2015, all assets are managed on a discretionary basis.

Investment Management Services

MGH Asset Management was appointed as the investment manager to the MGH Investment Fund Limited in December 2002. The Fund is an exempted limited liability company incorporated in the Cayman Islands and is listed on the Irish Stock Exchange as an Investment Fund under the SEDOL number B1Z8H93.

The MGH Investment Fund is suitable only for prospective investors who are professional investors or investors who do not require immediate liquidity for their investment. Prior to making any investment in the Fund investors and prospective investors should carefully review the Fund's offering memorandum for a comprehensive understanding of the terms and conditions applicable for investment in the MGH Investment Fund Limited.

A copy of the Fund's offering memorandum is available by contacting info@mgham.com

Item 5: Fees and Compensation

Management Fee

MGH Asset Management as the investment manager to the MGH Investment Fund receives a management fee equal to 1.5% per annum of the Net Asset Value (NAV) of each class of Shares calculated at each month end.

In addition there is a Performance Fee which is based on the Fund's performance relative to the Morgan Stanley Capital International Index. Details of the performance fee are noted below in Item 6: Performance-Based Fees and Side-By-Side Management Performance Fee.

Item 6: Performance-Based Fees and Side-By-Side Management fee

Performance Fee

The performance fee will be based on the Fund's performance relative to the Morgan Stanley Capital International Index (the benchmark) and will be a maximum of 2% per annum of Net Asset Value. The fee is payable if the Fund's return is superior to that of the benchmark over the three years ending on the date of calculation (the monthly pricing and dealing date) or since the inception of the Fund, whichever time period is shorter. There will be a negative fee of a maximum of 0.5% per annum if the Fund's return is inferior to the benchmark over the previous three years or since the inception of the Fund whichever time period is shorter. The amount of the performance fee (positive or negative) is pro-rated with the maximum or minimum occurring if the Fund out (or under) performs the benchmark by 25%. Thus if the Fund outperforms (underperforms) the benchmark by 10% then the annualized performance fee will be 10/25 of 2% (or a deduction of 10/25 of 0.5%).

For purposes of calculating the performance fee, the Fund's return is defined as the percentage change in the NAV per share before the performance fee. All capital gains (losses) and other income and expenses are included. The monthly fee is calculated as:

$$((F-R)/25\%)*2/12\% \text{ (if } F>R\text{) (with a maximum fee of 2\%)}$$

or

$$((F-R)/25\%)*0.5/12\% \text{ (if } F<R\text{) (with a maximum negative fee of 0.5\%)}$$

where F= Return of the Fund & R= Return of the MSCI World Index (Gross)

The Investment Manager shall defer payment of its Performance Fee for a period not less than three years. Any such deferred amounts payable to the Investment Manager will be

treated, and the amounts eventually payable at the end of such deferred periods will be determined, as if such deferred amounts had been invested in Shares on the first day following the month that they were earned and redeemed as of the last day of the deferred period. The deferred fees and amounts of net profits, if any, allocated to such deferred fees will be paid after the end of the deferred period.

The deferred amounts payable to the Investment Manager shall be carried on the Fund's books as a liability. The period of deferral may be shortened if, in the opinion of the Fund's independent directors exceptional circumstances (including, but not limited to, a winding up of the Fund, a change of Manager of the Fund, or a change of control of the Manager) have occurred.

Side-By-Side Management fee

Side by Side management fees do not apply

Item 7: Types of Clients

MGH Asset Management provides investment management services to the MGH Investment Fund Limited.

We may also provide investment management services to qualified clients who may include:

- Individuals, including high net worth individuals
- Banks or thrift institutions
- Pension and profit sharing plans
- Trusts, estates or charitable organizations
- Corporations and other business entities not listed above.

Minimum Investment

Eligible qualified investors may participate in the MGH Investment Fund with an initial minimum investment of \$100,000 and any subsequent minimum investment of \$10,000. A description of the minimum investment is described in the Offering Documents.

Item 8: Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis:

Our investment approach may be described as macro top-down with a value bias.

This means we take a comprehensive view of the global economy and the markets of North America, Western Europe and the emerging markets of Asia, Latin America and Eastern Europe. Our value bias means as investors we actively seek stocks where the current price does not reflect the value of the underlying business because the price has failed to take into account the company's growth prospects, the value of its dividend stream or company assets. In implementing our approach we may utilise security analysis methods of charting, fundamental analysis, technical analysis and cyclical analysis. In addition we will use research generated from both internal and external sources.

In order to identify attractive equity markets we use a proprietary model developed and applied successfully over the last 16 years which ranks over 30 markets in attractiveness depending on such variables as short and long term interest rates; absolute valuation levels such as price to book values, dividend yields and price/earnings ratios; return on equity and dividend payout ratios; and free liquidity in the economy. For bond markets we consider similar factors plus inflation: the portfolio may invest in index-linked bonds (TIPS) if they provide good real returns and act as a protection against a surge in inflation. We also review and decide on any themes we want to emphasize or avoid in the portfolio such as having a view about a currency, the direction of inflation, or the valuation accorded to the rise of a new technology. We then decide (with an overarching view of currency exposure) on the equity/cash split and then where on the yield curve we want to position the cash/bond/index-linked portion. We may then decide a particular bond market is attractive and we then select depending on the shape of the yield curve-a specific bond, normally sovereign.

We then turn to look at equities. If a new market looks attractive, we will run a simple value screen (low price-earnings (PE) ratio, high yield, low Price to Book) and obtain a universe of about 20 stocks which look reasonable. We will examine those stocks in more detail until we are satisfied with 4-6 stocks and will purchase these - normally equally weighted. At the same time we will consider the effect on the overall portfolio in terms of geographical and sectoral exposures.

For existing markets, assuming they remain attractive, we will review existing holdings and check that they remain more attractive than other competing stocks. The Fund has low

turnover (typically less than 50% per annum). Our investment horizon is typically 9-18 months but if circumstances change in a shorter time period then we will alter the portfolio accordingly. We are not market timers or short-term traders.

From external research resources we may use: financial newspapers, magazines, industry publications, research materials prepared by others, government and economic reports, prospectuses and filings with the Securities and Exchange Commission, company prospectuses, annual reports, company press releases and websites.

Investment Strategy

Our objective is to deliver real long term total returns in US dollars by investing in global financial markets. We aim to achieve our objective by identifying attractive assets (such as cash or bonds) which offer an appealing real risk free rate of return or where the potential return from riskier assets (equities) is greater than the risk free rate. We will also identify themes which help us determine the attractiveness of different markets or specific securities. In order to increase the likelihood of superior returns we purchase securities which we believe are selling at a significant discount to their intrinsic worth. All else being equal we prefer to purchase stocks with a high dividend yield and low price to asset value as we feel that this provides us with some protection against losses.

Although our aim is to provide real absolute returns we compare our performance to the world equity index (the Morgan Stanley Capital International World Index in US dollars) as this is the widest measure for measuring the return for global sharemarkets.

At times we may hold substantial portions of the portfolio in cash or bonds if we feel that they provide a more attractive potential return, adjusted for risk, than equities. Our approach has more in common with a tortoise than a hare: by accepting lower but safer returns when risks are high, we preserve capital allowing us to invest when markets sell off and potential returns increase once more.

Risk of Loss

Our investment objective is to deliver above average long-term returns with below average risk. However we cannot give an assurance the investment fund will achieve its objective or avoid substantial losses. Investing in securities involves significant risks and the potential risk of loss that clients should be prepared to bear.

Many factors may influence a portfolio's performance and the risks we would like to bring to the particular attention of prospective investors are the following:

- **Market Volatility:** The value of equity and fixed income securities fluctuate in response to events. Thus the value of portfolios and their underlying investments can fall as well as rise.
- **Currency Risk:** A form of risk that arises from the change in price of one currency against another. MGHIF (the only portfolio currently managed) is designed to obtain real returns in US dollars and is managed with that aim. Investors who live outside the US and/or whose base currency is not USD may therefore be subject to currency risk. At the same time, to the extent that MGHIF invests in markets outside the US, the value of those investments is determined partly by the performance of the investments' underlying currencies.
- **Interest rate risk:** Fluctuations in interest rates may cause investment prices to rise and fall. Interest rate risk affects the value of bonds more directly than equities, and is a major risk for all bondholders. Rising interest rates mean that bond prices fall. At the same time rising bond rates (falling bond prices) may affect the price of equities- generally rising interest rates are considered bad for shares.
- **Inflation risk:** The concern of inflation risk is that the rate of price increases in the economy erodes the real level of investment returns. MGHIF (the only portfolio currently managed) is designed to obtain real returns in US dollars and is managed with that aim. Rising inflation means that nominal (stated) investment returns have to be higher in order to be greater than inflation.

Item 9: Disciplinary Information

MGH Asset Management does not have any firm or individual disciplinary disclosures to make.

Item 10: Other Financial Industry Activities and Affiliations

Financial Industry Activities

MGH Asset Management Limited is a New Zealand registered company. As a financial services company we are registered on the New Zealand Government Financial Services Provider Register. Additional information concerning the register is available at:

www.business.govt.nz/fsp/about-the-fspr.

Financial Industry Affiliations

MGH Asset Management does not have any material relationships with other financial industry participants.

We do not recommend or select other investment advisors for our clients, nor refer clients to other investment advisers.

Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Code of Ethics:

MGH Asset Management has adopted a Code of Ethics for all employees of the firm designed to provide guidance for employees in their business activities on behalf of the company in an appropriate and lawful manner with honour, integrity and trust. The Code of Ethics covers a range of topics including: general ethical principles, personal securities trading, conflicts of interest, insider trading, confidential and proprietary information, review and enforcement processes.

Each year, all our employees receive a copy of the Code of Ethics and are required to acknowledge in writing the terms of the Code of Ethics.

A copy of our Code of Ethics is available by contacting the Compliance officer on Telephone: +64 4 3845271 or by email: info@mgham.com.

Participation or Interest in Client Transactions.

MGH Asset Management employees are prohibited from trading for personal accounts on the same day trades are occurring in our client account.

Principal & Cross Transactions**1. Principal Transactions**

MGH Asset Management does not currently engage in principal transactions.

2. Cross Transactions

MGH Asset Management does not currently cross transactions between accounts.

Personal Trading

MGH Asset Management employees may personally invest in securities and trade for their own accounts on the understanding they adhere to the terms of our Code of Ethics and all applicable laws.

The guidelines that govern the personal investment activities of our employees are:

1. to make decisions in the best interests of our client and
2. implement such decisions while, at the same time, allowing employees to invest for their own accounts

Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would not materially interfere with the best interests of MGH Asset Management's client. In addition, the Code requires pre-clearance of many transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as our client there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics to reasonably prevent conflicts of interest between MGH Asset Management and its client.

Item 12: Brokerage Practices

Broker Selection

MGH Asset Management is not a frequent trader and has a low turnover ratio. It takes a medium (9 -18 month view) when establishing a position. Its philosophy is that every trade imposes a cost on the portfolio, and therefore the potential benefit from the trade has to be greater than the cost. Therefore, MGH Asset Management is less interested in high turnover at low cost, preferring to have low turnover at a fair cost.

MGH Asset Management uses a limited range of brokers. This is mainly due to its relatively small size. The choice of these brokers is determined by:

1. Research - by both the firm and, to a lesser extent, that of the individual assigned to cover MGH Asset Management.
2. Execution ability
3. Geographic coverage
4. Settlement capabilities

Because of MGH Asset Management's small size and small amount of brokerage paid, it does not expect to receive 'bulk discount' rates i.e. other firms may obtain cheaper rates. However, MGH Asset Management does want to receive reasonable brokerage rates and they are monitored on every trade.

Brokerage is reviewed quarterly to check volume and rates. To a certain extent volume is driven by geography; for example a Thai Broker will not receive any volume if the Fund has no exposure to Thai shares.

Item 13: Review of Accounts

The MGH Investment Fund's Administrator, Charter Group Fund Administration Limited provides to the Fund's investors a monthly financial statement of their account. We, MGH Asset Management, provide a monthly fact sheet and a quarterly report which summarises the fund's performance, discusses recent investment activity, stock valuations and provides a commentary on the portfolio managers' current views. In addition, the Administrator, Charter Group Fund Administration Limited provides to all the Fund's investors a semi-annual statement and audited financial statements.

Item 14: Client Referrals and Other

MGH Asset Management has a third party marketing arrangement with P&C Global Wealth Managers. P&C Global Wealth Managers provide a capital introduction service to professional and institutional investors such as banks, family offices and capital managers. Payment for any capital introduced by P&C Global Wealth Managers is one-third of the performance and management fees.

At 31 March 2015 no referrals have been received nor have any payments been made to P & C Global Wealth Managers.

Item 15: Custody

MGH Asset Management does not have custody of the Fund's assets.

The Custodian of the MGH Investment Fund is Deutsche Bank AG, Singapore Branch.

Item 16: Investment Discretion

We have discretionary authority to make determinations regarding the securities that are to be bought and sold as well as the quantities of such securities. Such authority was provided in the Investment Management Agreement dated 31 December 2002.

Item 17: Voting Client Securities Proxy Voting

MGH Asset Management will vote proxies on behalf of the MGH Investment Fund Limited.

We have established policies and procedures to ensure that proxies are voted in an appropriate manner. MGH Asset Management will vote proxies in the best interests of the Fund. Each proxy issue will be considered individually. The following is a summary of the voting guidelines used in voting proposals but the guidelines are not used as rigid rules.

- Items will be determined to be either routine or non routine items and handled accordingly.
- Routine proposals are those that do not change the structure, by-laws or operations of the corporation to the detriment of the shareholders. Given the routine nature of these proposals proxies will generally be voted with management.

MGH Asset Management may abstain from voting or decline a vote in those cases where there appears to be no relationship between the issue and the enhancement or preservation of

an investment's value. MGH Asset Management intends to process every proxy it receives for all domestic and foreign securities; however, there may be situations in which MGH Asset Management may be unable to vote a proxy, or may chose not to vote a proxy, such as where: (i) proxy ballot was not received from the custodian, (ii) a meeting notice was received too late; (iii) there are fees imposed upon the exercise of a vote and it is determined that such fees outweigh the benefit of voting; (iv) there are legal encumbrances to voting; (v) shares were held on record date but were sold prior to the meeting date; or (vi) other reasons not stated herein where MGH Asset Management believes it is not in the best interest of the Fund to vote the proxy.

Investors of the MGH Investment Fund Limited may obtain a copy of our proxy voting policy and or how MGH Asset Management has voted securities held in the fund by contacting us at telephone: +64 4385271 or email: info@mgham.com.

Item 18: Financial Information

Prepayment

MGH Asset Management does not require prepayment of advisory fees.

Financial Condition

MGH Asset Management has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to its clients and has not been the subject of a bankruptcy proceeding at anytime.