



An introduction to  
GML's  
Customised Investment Management



**Comprehensive Coverage of  
Global Opportunities**  
Ultra Defensive through to Ultra Aggressive strategies

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# Customised Management



The aim of GML in the alternative investment area is to provide absolute returns with the minimum of risk over the medium term to suit the individual requirements of our clients.

GML has a remarkable coverage of analysis and strategies enabling the provision of unique solutions by customizing strategies and investment options. This is achieved by the production of individually selected packages either for internal management of funds or in individually structured discretionary management, all buttressed by analysis expertise built up over the past 35 years.

Over this period our Zenith service has produced daily investment advice to clients worldwide covering all the world's investment areas using strategies ranging from the ultra defensive as with our Pension switching service through to massive returns from our ultra aggressive commodity trading. Never during this period have our clients ever found themselves in the grip of a Bear market but have enjoyed substantial returns in such difficult times

From this vast experience we are able to provide 'boutique' solutions to the requirements for individual management, Spread Betting, SIPPS, Pension Funds and others by employment of our expertise in equities, emerging markets, commodities, currencies, bonds, Gold and all types of collective investments.

## 100% Transparency From GML

For the past 35 years we have followed a policy of full disclosure of our opinions, comments and actions to our subscribers. During this period we have been free of legal proceedings, regulatory problems or of any other serious complaint.

We established our web site which incorporated our daily Focus service covering all the worlds markets where pre-analysed charts, action charts advising the day to buy & short and exit charts advising the day to sell or cover a short have been recorded. These charts are accompanied by audio explanations.

To accomplish our desire to be 100% transparent in all our dealings reference to all our recordings since 1/1/2000 are freely available on the front page of our Web Site ([www.gann.co.uk](http://www.gann.co.uk)) to anyone who should choose to enter. Any assistance required to follow and understanding the recordings should be directed to our web master Mark Stafford (0161-285-4484. Email [mark@gann.co.uk](mailto:mark@gann.co.uk)).

The last 6 months information is not available in order to protect our existing positions.



### MULTI-STRATEGY

This type of strategy places few constraints upon the manager thus allowing flexibility to take advantage of any of the world's speculative opportunities as appropriate from time to time. Such flexibility permits the manager to avoid areas which are especially risky whilst redirecting attention to less dangerous areas with more profit potential. At the top end of the risk scale geared, volatile trading vehicles are traded aggressively as appropriate but always within strict safeguards (See Investment Philosophy). At other times the full spectrum of more sedate opportunities within a myriad of alternative areas will be utilised by the manager even down to a 100% cash position in times of especial danger.

### RESTRICTED STRATEGIES

The problem with the restricted strategy adopted by most managers is that they will work better in some years than others. This places pressure on the investor to ensure he is in the right areas at the right time and if not change his manager accordingly. For most investors this is a formidable task with investors having to sit through the down years in the hope that things will improve ... and hope should have little place in any investment strategy. The manager of the Multi-Strategy approach considers this need for flexibility to be his responsibility. Multi-Strategy management follows a variety of different investment strategies or investment areas rather than concentrating upon one particular area or style. This usually leads to more diversification and consistent performance. Such diversification avoids the risks that a single strategy approach carries where its formal constraints could direct its holdings into disastrous areas such as stock markets in the 2000/2003 crash.

### THE STRATEGY

Our own approach to diversification is not to engage in the usual rigid asset allocations used by most managers. Our first step is to determine whether world markets are, as determined by our longer term weekly analysis, above all in up trends, down trends or in neutral trading ranges. Once this has been established we determine our priorities as follows: -

**Up trending markets** - Markets are ranked as follows - Major world stock market buys; smaller world stock market buys; Long and perhaps Short Commodities; The best sectors within the leading stock markets and then the isolation of the best shares within these sectors; Futures markets for Forex, Bonds, Interest rates etc. Most opportunities will be geared with the highest volatility chosen.

When necessary currencies, bond, gilts markets but usually the inflation linked markets.

**Down trending markets** - Markets ranked as follows –Geared 'Shorts' for stock indices and shares within weak sectors; Commodities, Buying shares within outperforming sectors but not geared; geared Forex markets; A high proportion of the allocation to the Gilt, Inflation linked & Bond markets when appropriate.

**Neutral trading ranges** - Due to this being the most difficult of markets the markets are ranked as follows -a high proportion in the Gilt, Inflation Linked & Bond markets; Geared worldwide Long/Short equity strategies subject to sufficient volatility; Geared futures markets for Forex, Bonds, Interest rates; Cash deposits in various outperforming currencies and as last resort Treasury Bills.

## **USUAL MULTI-STRATEGY PROBLEMS**

In view of the large diversity of options most multi strategy funds are only offered by the large investment houses and many investors can find them outside the scope of their commitments. Smaller funds find the costs of managing such a large spread of specialised options too heavy to bear within their limited resources.

Even the larger funds face problems in keeping their star performers happy resulting in a heavy turnover of the top managers which often effects consistency of performance.

## **GANN MANAGEMENT'S ADVANTAGE**

The techniques used by GML are universal in nature ... all markets being equally subject to the laws. Their application ensures a consistent analysis and discipline by our experienced analysts, all having had many years of dedicated experience with the company. We also have the luxury of having trained thousands of students over the last 30 years who provide a constant source of future pre-trained analysts. This will contribute to a consistency of performance unlikely to be equaled by others.



# The Company

## Trading Philosophy



DON'T FOCUS ON MAKING MONEY; FOCUS ON PROTECTING WHAT YOU HAVE  
..... PLAY GREAT DEFENSE, NOT GREAT OFFENCE .... THEN THE PROFITS  
WILL FOLLOW' - 'PAUL TUDOR JONES'

Our general management philosophy concentrates firstly on defense and only go on the offensive when risks are low, generally after shake-outs or significant break outs. We are one of the few advisers who cover all world markets on a weekly basis to ensure that our clients are unaffected by unexpected events which often result in serious meltdowns. We are also aware that markets in general only move 15% of the time which points to a cash stance often being necessary. We disapprove of asset allocation management where large cash holdings are conspicuous by their absence. This belief is influenced by our experiences in the 1972/1975 bear market where every investment area suffered. Consequently we do not allow any holdings to fall unduly but liquidate positions early in their demise.

Over the decades we have been extremely successful by cutting out unnecessary risk and when appropriate reverting into a 100% cash position.

We allow the market to dictate where we should be and attempt at all times not to tell the market where it should be. We are quite prepared to abandon quickly any positions held when our price and time stop losses so pronounce. We endeavor to limit any losses on ungeared portfolios to 1% of the total portfolio value on any individual losing trade. This would not be the case where high risk portfolios are geared; minimum losses being limited to 1% times the amount of gearing. Exit points for areas with low volatility such as gilts, currencies etc would be subject to much tighter exit points. Where humanly possible we attempt to invest identical amounts in all our trades. However, we often have to stretch this rule when taking into account the size of the funds under management.

When lack of liquidity exists this could affect our ability to extract ourselves from positions in danger this often dictating that the amounts invested being below the norm.

We do not use set asset allocation practices where it is assumed that by spreading investments, risks are automatically reduced. Our experience is that in times of panic all investments often collapse at the same time. Spreading does not necessarily ensure safety.

We are fully aware that moving high volume has at times inherent difficulties and necessitates closing positions when the market allows you to get out rather than when you want to get out.

We are mindful of Lord Rothschild's reply to a question on how he achieved his success was 'By selling far too early' In consequence, investors should be fully aware that we could under perform the market at their peaks as we would expect to have withdrawn before tops to ensure that there are still buyers around before any serious fall.

In order to achieve a great defense it is our policy to daily check that all our positions are secure. This is achieved by assuming our open positions were a mistake and then assuring ourselves that this is not the case. This ensures that losses are not allowed to get out of hand and that profits are not eroded unnecessarily. We follow rock hard disciplines in order to achieve high returns when allowable by the markets without taking undue risks. When risk is considered unacceptable we are happy to revert to highly liquid positions and wait for the next opportunity.

# The Company History



In July 1964 our founder Fred Stafford left his employment with the Prudential Assurance Company Limited. He set up an Independent Insurance Brokerage (Personal Insurance Agencies) in partnership with Brian Renshawe. They set about the serious business of feeding themselves and their families, being totally bereft of any working capital. Despite this desperate start the partnership developed rapidly into a profitable operation.

Brian Renshawe left to follow a successful career with Endsleigh Insurance. He was replaced by Don Westacott who was a vital cog in a period of rapid progress over a number of highly successful years. He eventually left to form the DBS organization, the UK's leading IFA Network.

By the early 1970's, the partnership converted into a Limited Company.

P.I.A. Insurance Brokers Ltd) specialised in providing unitised pension arrangements throughout the UK from several offices throughout Britain. After a series of successful



calls on the markets a number of clients expressed interest in the techniques which were used to isolate the bottom of the worst ever bear market in the UK. The idea of a Gann teaching college was spawned in the late 1970's with Investment Data Services being formed as an offshoot to P.I.A. The service providing daily data on thousands of international items; daily advice; regular seminars; and personal

tuition, was provided to IFA's, most of the City Institutions, stock brokers and private clients.

Gann Management Ltd (GML) was created in 1993 in order to meet regulatory requirements. Since that time IDS has been responsible for data and software, while GML has been responsible for management, advice and teaching commitments, regulated by the Financial Services Authority (FSA) of the United Kingdom.

## Investment Data Services (IDS)

Located in Romiley, Cheshire, Investment Data Services Limited, an independent private company, is the culmination of research, begun in 1972, into over 100 investment analysis techniques and an investment of several million pounds.

Worldwide coverage includes : American OTC, Australian Equities, Canadian Equities, Commodities, Currencies, Deposits, European Equities, Gold Mines, Gold Prices, Hong Kong Equities, Japanese Equities, Dutch Equities, US Equities, Offshore Funds, Pacific Equities, Thailand Equities, Taiwanese Equities and World Market Indices.

UK Coverage includes: Commodities, Gilts, Insurance Bonds, Investment Trusts, London Equities, Sectors and Unit Trusts.

Sophisticated investment techniques applied to the database enable the group's advisory arm, Gann Management Ltd., a member of the Financial Services Authority, to pinpoint with enviable accuracy global investment opportunities, and so determine the precise time to buy and sell - often well in advance of the action date . Unique to IDS in its capacity as an investment software/technical analysis company is its in-house database of over 34,000 items. Stored on the IDS central computer, it is subject to rigorous checking procedures to ensure that the Company's exacting standards of accuracy are upheld.

## **Mr. Gary Stafford - Chairman**



Gary started work at PIA insurance Brokers in the late 1970's as a trainee Technical analyst. He then Joined Investment Data Services in the early 1980's as an expert in the techniques of W. D. Gann using his expertise in this area to develop a unique trading software package based on his techniques.

He is an authority in managing and teaching the techniques of W. D. Gann in all the world's financial markets for over 25 years.

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## **Mr. Tony Zafar - Managing Director**



Tony has a background in Engineering having worked in the Middle East for 5 years. Tony Joined IDS in 1989 and has spent much of this time learning and teaching the Gann techniques. Tony became the groups Managing Director in October 2003 and is now responsible for the day to day running of the business.

Tony Has vast experience trading Derivatives Markets using the Gann System.

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## **Mr. Fred Stafford - Director - Fund Manager**



Fred is one of the leading exponents of the works of William. D. Gann and has enjoyed an uninterrupted career in the Financial Services industry for almost 50 years.

During this time he has accumulated an expansive expertise as a teacher and practitioner of the techniques of one of the world's greatest traders of the 20th century. As a result he has expansive knowledge coupled with an impressive track record of the worlds financial markets.

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# A Synopsis Of Our Performance Highlights Over The Last Four Decades.



## THE 1970's

From 1972 we embarked upon a comprehensive survey of 134 different methods of investment analysis. By 1974 we had established the basis of the analysis we have

used up to the present day albeit with later added sophistication and more importantly necessary simplifications from what was a highly sophisticated technique.



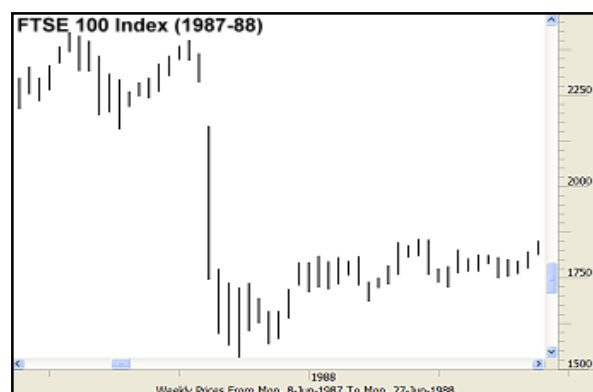
These disciplines were supported by money management techniques which by late 1974 had progressed into a highly effective technique highlighting important future market tops and bottoms.

Perhaps one of the most important decisions we have ever made was to direct our pension policyholders into cash from 1973 until 28/12/74. A switch was made into equities on the exact low of Britain's worst ever stock market crash. After a 3 month surge in equities a further switch was effected into Gilts producing 16% p.a. for 25 years!

## THE 1980's

Following the success of our Pension Fund switching our Zenith service was founded. This provided an educational facility for IFA's, Brokers, and Institutions teaching the

techniques we had discovered in the 1970's. In addition we became adept at providing an important investment arm for the medium and smaller IFA.



The most important signal in the '80's was our warning of a fall 7 days before the 1987 crash. ***'I would advise you to go completely liquid'***. Our IFA's had prior to the fall enjoyed a series of switches which had brought substantial profits.

## THE 1990's

During the 1980's into the early 1990's our service was mainly directed to Fund switching education and advice for I.F.A.'s who constituted the vast majority of our subscribers. However, the introduction of the inexperienced and self righteous regulator FIMBRA this resulted in the closure of 90% of our IFA subscribers.

To replace this dramatic collapse in our fortunes we redirected our attention to Institutions, Brokers, traders and private investors. As we did not see any great opportunities in stock markets we concentrated upon futures trading in the commodity markets to expand our coverage. This proved to be an extremely successful move.

The chart shows the degree of profit based upon an aggressive strategy gearing 10 times and anticipating turning points without waiting for a trend change.



Despite this outstanding performance we learned an important lesson. We found few subscribers could live with the volatility, patience and persistence required to succeed. We now use far less aggressive techniques in commodity trading and leave the super aggressive for those

investors and managers who have the rare but necessary attributes to ride the storms.

## THE NEW CENTURY

So far the current decade has been a time for constant readjustment of investment and trading strategies. Our universal coverage has allowed us to ride successfully through the trials and tribulations of the last decade



After the IT problems of the late 1990's our informed buyers index gave us considerable notice of the 2000/2003 fall giving us the opportunity to implement our ability to take profits from falling markets and protect our pension plan holders. (See 'Never suffer from a bear market')

A further achievement was the isolation of the lows for the emerging markets in 2004/2005.

Throughout the decade we have never been shy in holding cash. When cash was held we took advantage of UK Inflation Linked stocks. This move was not indiscriminate as we required a buy signal to be present before investing.

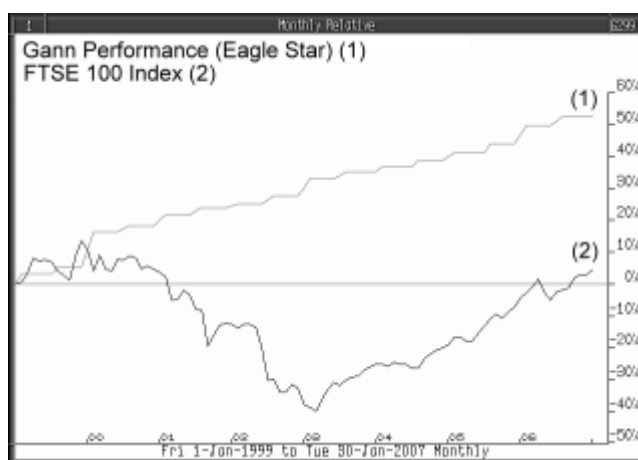


# Never Suffer from a Bear Market



Our founder was caught in the early months of the UK's most destructive bear market in 1972 and from there onwards experienced the worst bear market in the UK's history but on the sidelines ... a great deal was learned. This experience created the determination and ability to ensure that neither his clients nor himself would ever find themselves in such a debilitating financial experience. This has proved to be the case over the last 3 decades with early withdrawal from major UK market falls in 1972, 1987 and 2000 among many others worldwide.

GML fund switched GML pension holders out of their equity holdings in 2000. This once again proved GML's ability to protect against the most severe of market collapses. Despite the 2000/3 purge six monthly valuations never suffered a decline in value despite most UK pension plans being decimated during this period.



## Gann Performance (Eagle Star)

**+ 52%**

*compared the FTSE 100 index since January 1999 to November 2006.*

Subscribers were also protected from the destruction of their equity portfolios with the following sales results during 2001/2002 following requests from subscribers..

2001 triggered 318 sell signals with the following results:-	2002 triggered 124 sell signals with the following results:-
5 sell signals fell between 1% & 10%	1 sell signals fell between 1% & 10%
22 sell signals fell between 11% & 20%	5 sell signals fell between 11% & 20%
37 sell signals fell between 21% & 30%	22 sell signals fell between 21% & 30%
39 sell signals fell between 31% & 40%	20 sell signals fell between 31% & 40%
41 sell signals fell between 41% & 50%	19 sell signals fell between 41% & 50%
30 sell signals fell between 51% & 60%	14 sell signals fell between 51% & 60%
43 sell signals fell between 61% & 70%	12 sell signals fell between 61% & 70%
47 sell signals fell between 71% & 80%	13 sell signals fell between 71% & 80%
41 sell signals fell between 81% & 90%	9 sell signals fell between 81% & 90%
<b>A massive 88 sell signals fell between 91% &amp; 100%</b>	<b>9 sell signals fell between 91% &amp; 100%</b>

The positive news was that substantial profits were earned from 'shorting' shares during the 2001/2002 fall. 155 trades were signalled with a return of 159.2% being enjoyed.

***Need we say more to affirm our Bear market credentials and our ability to hedge against future market turmoil?***

## **PENSION FUND SWITCHING**

Available for most pension funds except final salary schemes, our Pension Fund Switching Management Service enables you to take full advantage of markets on a global basis, rather than settling for lifelong reliance on a Managed Fund. Our investment and pension unitised products, which use Gann analysis techniques to invest in markets that will maximise the fund value for clients, may well be the answer to offering investor protection from the shortcomings of fund managers who use the discredited fundamental approach.

We switch funds firstly to protect the investor from undue risk. When appropriate, we then take a more aggressive approach. Our proven track record shows we have been extremely successful in cutting out unnecessary risk and, when circumstances dictate, even reverting to a 100% cash position in times of crisis or when all investment areas are unattractive. Because our analysts check every world market every single week, benefits are possible from any global market, provided it is covered by the funds within the investor's product.

*Management fee: a charge of 1% per annum of Fund value (Minimum £100,000)*

## **EQUITY PORTFOLIO MANAGEMENT: SPREAD BETTING**

Spread Betting is a way to maximise leverage in the markets and can be applied to global equity markets, currencies, indices, commodities and bonds. The service was introduced due to overwhelming demand from subscribers to the GML Zenith Service, and offers a high-risk geared betting opportunity based upon the movement of investment vehicles – a perfect opportunity for us to utilise the techniques of Gann analysis.

The account is available to clients who wish to maximise their return on their investments whilst increasing their risk exposure, and is eminently suitable for the ambitious investor who wishes to take full advantage of tax-free returns. The leverage is managed in accordance with individual client requirements according to market conditions.

*The charge for this service is 1.5% per annum. Plus a 20% profit related fee per annum. (Minimum £100,000)*

## **SIPPS**

SIPPS, or Self Invested Personal Pensions have been around since 1990. They have the same contribution and tax benefits of any personal pension, but offer far greater control and flexibility. They give you the opportunity to make investment decisions relating to your pension, in what you want and when you want. Though there are restriction on what may be placed in a SIPP, permitted investments cover a wide area, including recognised UK and international equities listed on Inland Revenue approved stock exchanges, including AIM, funds, gilts, cash and commercial property.

We manage SIPPS in accordance with the criteria set out by the client, enabling you to hold a basket of funds, equities, currencies and bonds. We proactively mix investments using Gann analysis to maximise pension growth. You can choose your own broker, or allow us to help in this area. The emphasis on the management style will be to take advantage of areas such as Gold and Index Linked stocks, and other areas you can easily oversee.

*Management fee: a charge of 1.5% per annum of the portfolio value. (Minimum £100,000)*

## COMMODITY TRADING ACCOUNT

This managed account provides the opportunity for investors to open and maintain a personal commodity futures account with a leading broker - where the investors authorises GML to advise on the management of the investment on a fully discretionary basis.

The objective of this portfolio will be to maximise capital growth.

The trading of 'Futures' markets can be potentially profitable whether markets rise or fall because the futures markets allow managers to go 'short' and thus take advantage of falling markets, or go 'long' to take advantage of rising markets. It is therefore possible to perform profitability whether the economy is healthy or depressed providing a hedge during adverse economic conditions.

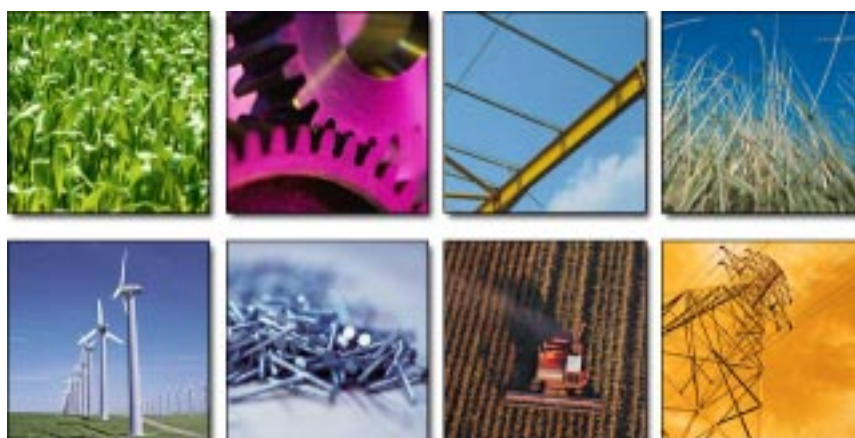
*The charge for this service is 1.5% per annum. Plus a 20% profit related fee per annum. (Minimum £100,000)*

## MULTI-CURRENCY MANAGED ACCOUNT

This vehicle provides investors with a low-risk avenue for portfolio growth through investment in currency movements, and strict money management rules with rigorous analysis disciplines are applied to protect investors' capital. Monies are kept in the client's own personal Offshore Currency Account, and can be switched to other trading accounts if and when required. The Offshore Currency Account will benefit those investors who wish to enhance their returns, rather than leaving cash on deposit. A special benefit is that the part of the portfolio a client may keep in cash can be used to benefit from sound capital growth.

The Multi-currency Managed Account can be opened with a minimum of £100,000.

*Management fee: 1% of the opening value of the account.*



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