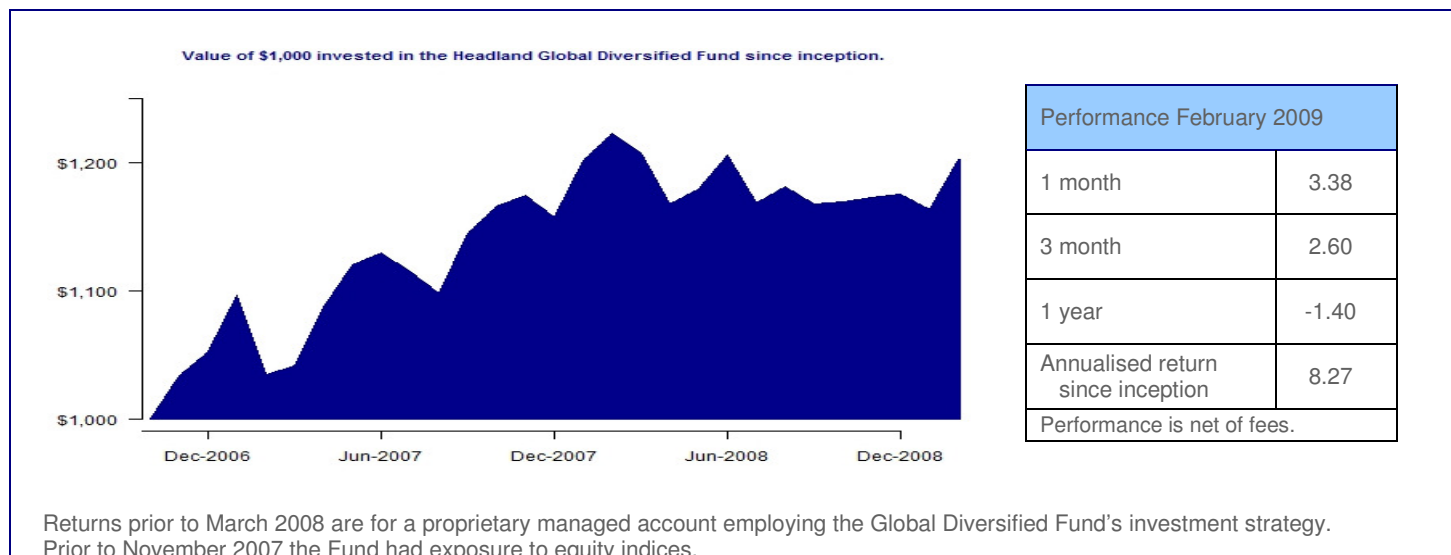


## Headland Global Diversified Fund

### Manager and Fund Description

Headland Global Investment Management is a Global Macro specialist. The Headland Global Diversified Fund seeks to provide investors with positive returns regardless of stock market performance. The Fund uses a quantitative process to allocate capital to major investment themes in global bond, currency and commodity markets.



### Key Performance

<b>Latest Return Date:</b> February 2009		<b>Annualised Return:</b> 7.40%	
<b>Latest Month:</b>	<b>Latest 3 Months:</b>	<b>Latest 12 Months:</b>	<b>Latest 24 Months:</b>
3.38%	2.60%	-1.40%	15.70%
<b>Total Return:</b>	<b>YTD:</b>	<b>Average Return:</b>	<b>Reporting frequency:</b>
20.37%	2.36%	0.69%	Monthly
<b>% Positive Months:</b>	<b>% Negative Months:</b>	<b>Best month:</b>	<b>Worst month:</b>
68.00%	32.00%	4.40%	-5.63%
<b>Largest Drawdown:</b>	<b>Time to recovery:</b>	<b>Average +ve Return:</b>	<b>Average -ve Return:</b>
-5.63%	12 months	2.06%	-2.19%

### Investment Terms

<b>Minimum investment:</b>	<b>Additional investment:</b>	<b>Investment frequency:</b>	<b>Redemption frequency:</b>
AU\$25,000	AU\$5,000	Monthly	Monthly
<b>Redemption notice:</b>	<b>Redemption frequency:</b>	<b>Entry fee:</b>	<b>Exit fee:</b>
3 Days	Monthly	0.00%	0.00%

### Fund Fees

<b>Management fee:</b>	<b>Performance fee:</b>	<b>High water mark:</b>	<b>Hurdle:</b>
1.5%	20%	Yes	RBA Cash Rate

### Risk

<b>Annualised Standard Deviation:</b>	<b>Downside deviation:</b>	<b>Sortino ratio:</b>	<b>Sharpe Ratio:</b>
8.53%	5.74%	0.79	0.64
<b>Correlation to equities</b>	<b>Correlation to bonds</b>		
0.09	-0.02		

### Historical Performance

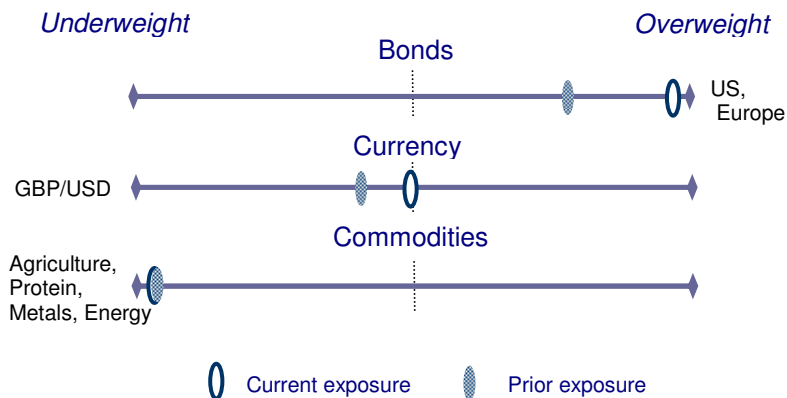
Year	Jan %	Feb %	Mar %	Apr %	May %	Jun %	Jul %	Aug %	Sep %	Oct %	Nov %	Dec %	YTD %
2009	-1.02	3.38											2.36
2008	3.78	1.76	-1.21	-3.32	1.06	2.15	-3.03	1.08	-1.18	0.24	0.27	0.23	1.75
2007	4.15	-5.63	0.67	4.40	3.06	0.84	-1.27	-1.50	4.15	1.85	0.79	-1.49	9.96
2006											3.43	1.81	5.30

# Headland Global Diversified Fund

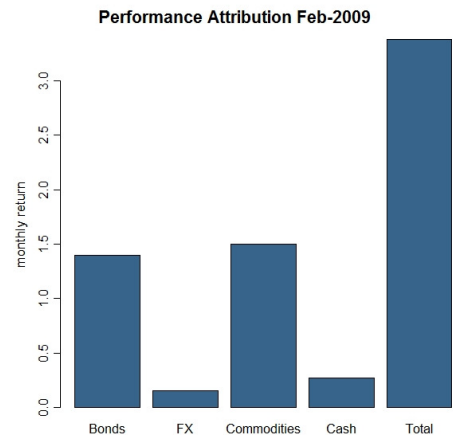
## Investment process

The Headland Global Diversified Fund seeks to provide investors with positive returns regardless of stock market performance. The Fund uses a quantitative process to allocate capital to major investment themes in global bond, currency and commodity markets.

## Asset Allocation



## Performance Attribution



## Investment strategy

The global economy has continued to decline in 2009. Manufacturing output has cratered and companies are retrenching staff in an effort to remain solvent. The European banking system is facing a dire outlook as loans to Eastern Europe look set to become the next "sub-prime" crisis. The Fund's investment strategy continues to reflect a negative outlook for the global economy.

**Global Fixed Income** – *Falling interest rates, lower inflation expectations.*

Despite the threat of huge issuance, bonds rallied over the month as economic data showed the extent of the global economic slowdown. The Fund has exposure to US and European Government debt weighted toward short dated maturities (2 year). Historically recessions caused by a financial crisis have tended to be longer and deeper than recessions caused by the normal business cycle.

**Foreign Exchange** – *Stronger US dollar.*

The Fund closed its short exposure to the British Pound during the month.

**Commodities** – *Lower prices, falling demand and over supply.*

For a second month the Fund benefitted from falling commodity prices. Short positions in Crude Oil and Natural Gas made the largest contribution to performance. Falling Wheat, Soybean and Sugar prices also added to positive returns.

*Comments welcome.*

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