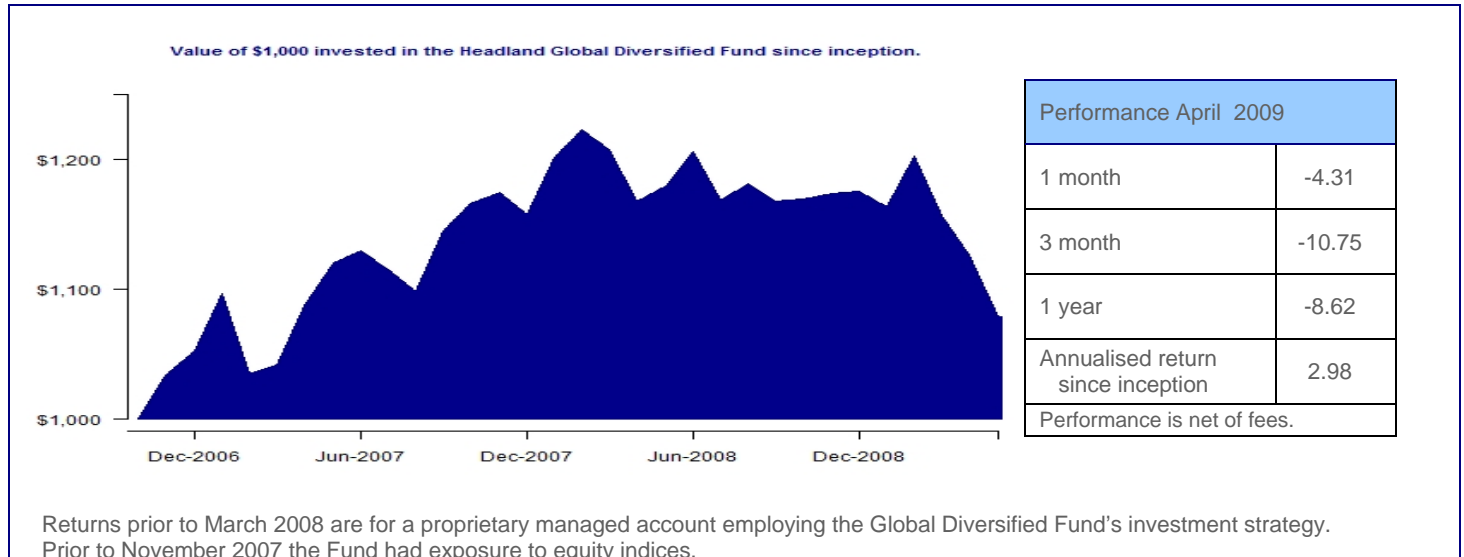


## Headland Global Diversified Fund

### 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

Latest Return Date: April 2009		Annualised Return: 2.98%	
Latest Month:	Latest 3 Months:	Latest 12 Months:	Latest 24 Months:
-4.31%	-10.75%	-8.62%	-3.20%
Total Return:	YTD:	Average Return:	Reporting frequency:
7.89%	-8.28%	0.28%	Monthly
% Positive Months:	% Negative Months:	Best month:	Worst month:
61.00%	39.00%	4.40%	-5.63%
Largest Drawdown:	Time to recovery:	Average +ve Return:	Average -ve Return:
-11.76%	15 months	2.06%	-2.54%

### Investment Terms

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

### Fund Fees

Management fee:	Performance fee:	High water mark:	Hurdle:
1.5%	20%	Yes	RBA Cash Rate

### Risk

Annualised Standard Deviation:	Downside deviation:	Sortino ratio:	Sharpe Ratio:
8.88%	6.22%	0.38	0.04
Correlation to equities	Correlation to bonds		
-0.17	-0.03		

### Historical Performance

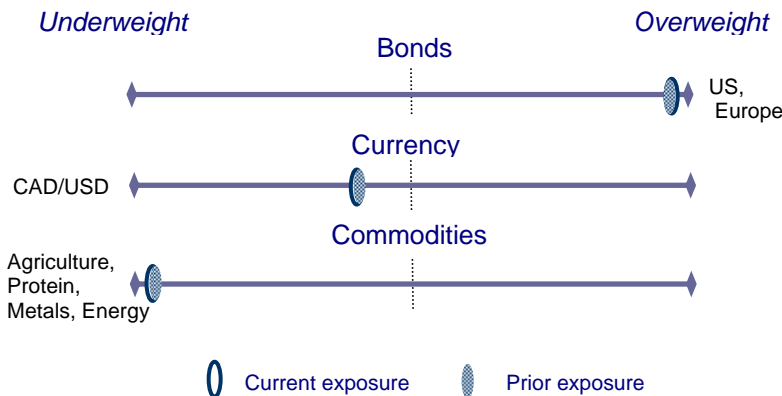
Year	Jan %	Feb %	Mar %	Apr %	May %	Jun %	Jul %	Aug %	Sep %	Oct %	Nov %	Dec %	YTD %
2009	-1.02	3.38	-3.90	-2.53	-4.31								-8.51
2008	3.78	1.76	-1.21	-3.32	1.06	2.15	-3.03	1.08	-1.18	0.24	0.27	0.23	1.75
2007	4.15	-5.63	0.67	4.40	3.06	0.84	-1.27	-1.50	4.15	1.85	0.79	-1.49	9.96
2006											3.43	1.81	5.30

# Headland Global Diversified Fund

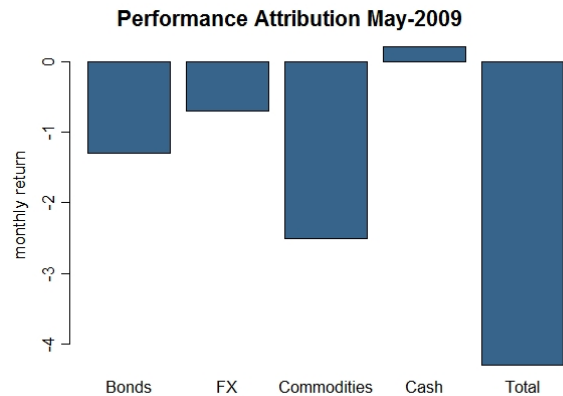
## Investment process

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 positive sentiment toward the global economy accelerated in May. Deterioration in economic data has slowed and markets are factoring in the benefits of the huge fiscal stimulus that governments around the globe have introduced. Commodity markets witnessed their biggest one month rally in 20 years and bond yields have risen in response to massive issuance of new debt and the potential inflationary effects of the “quantitative easing” in policy. The portfolio remains weighted towards a slower growth environment which has negatively impacted performance. Whilst further rallies in commodity prices and bond yields will cause us to reassess our portfolio allocation, we currently maintain a bias towards a negative outlook for the global economy.

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

Bond markets are becoming increasingly concerned about the massive amount of global government spending. Expectations of higher bond issuance and the likely downgrading of sovereign credit ratings have caused government yields to increase. The Fund has been overweight bonds for some months, however a continuation of the selloff in bonds will cause us to reconsider this position.

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

The prospect of the US printing money caused other currencies to rally against the US dollar.

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

Commodity indices posted their biggest one month rally in over 20 years. The unusually sharp move caused the Fund to reduce exposure during the month. However the portfolio still maintains a short bias to agricultural and industrial commodities.

*Comments welcome.*

Jerry Pressnell - Managing Director ([jpressnell@headlandglobal.com.au](mailto:jpressnell@headlandglobal.com.au))