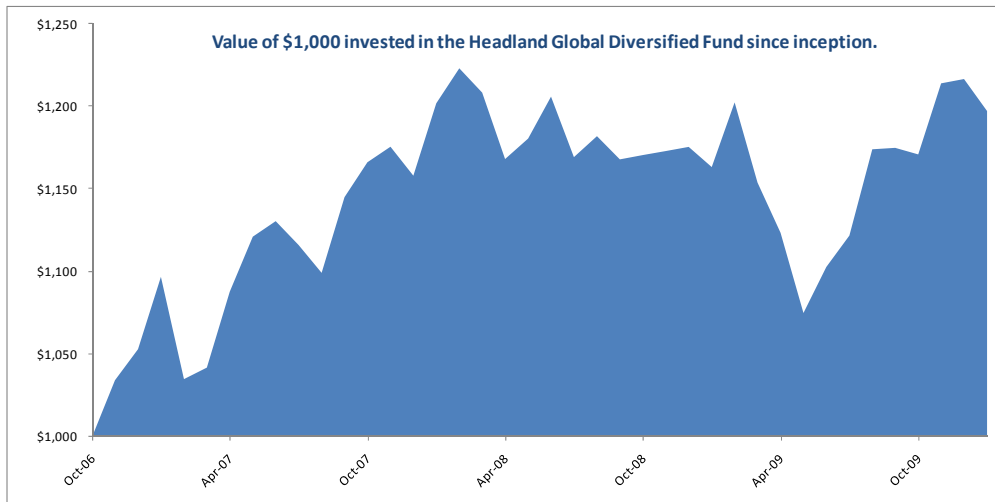


# Headland Global Diversified Fund

## 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.



### Performance January 2009

1 month	-1.45
3 month	2.29
1 year	3.37
Annualised return since inception	6.05
Performance is net of fees.	

Returns prior to March 2008 are for a proprietary managed account employing the Global Diversified Fund's investment strategy. Prior to November 2007 the Fund had exposure to equity indices.

## Key Performance

Latest Return Date: January 2009		Annualised Return: 6.05%	
Latest Month:	Latest 3 Months:	Latest 6 Months:	Latest 12 Months:
-1.45%	2.29%	10.63%	3.37%
Total Return:	YTD:	Average Return:	Reporting frequency:
20.65%	-1.45%	0.51%	Monthly
% Positive Months:	% Negative Months:	Average +ve Return:	Average -ve Return:
65.00%	35.00%	2.09%	-2.31%

## 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:
9.03%	6.68%	0.17	0.14
Correlation to equities	Correlation to bonds		
-0.05	0.07		

## Historical Performance

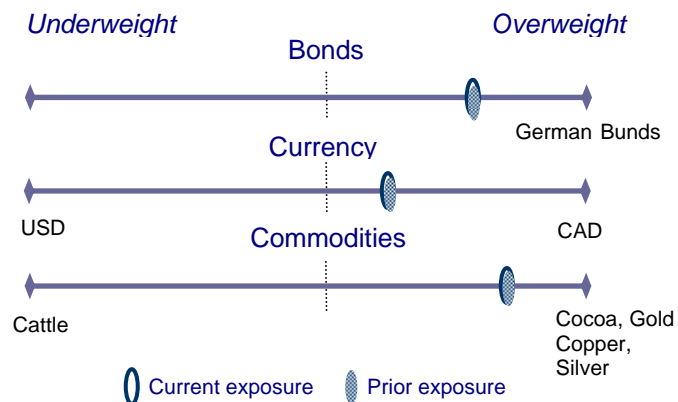
Year	Jan %	Feb %	Mar %	Apr %	May %	Jun %	Jul %	Aug %	Sep %	Oct %	Nov %	Dec %	YTD %
2010	-1.58												
2009	-1.02	3.38	-3.90	-2.53	-4.31	2.59	1.76	4.68	0.09	-0.33	3.68	0.22	3.89
2008	3.78	1.76	-1.21	-3.32	1.06	2.15	-3.03	1.08	-1.18	0.24	0.27	0.23	1.70
2007	4.15	-5.63	0.67	4.40	3.06	0.84	-1.27	-1.50	4.15	1.85	0.79	-1.49	10.00
2006											3.43	1.81	5.30

# Headland Global Diversified Fund

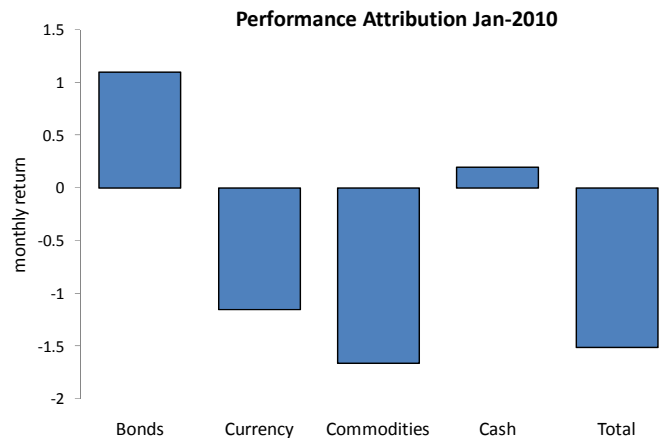
## Investment process

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 Diversified Fund returned -1.53% for January. The Fund's growth orientated asset allocation was impacted by the Bank of China's move to slow bank lending in the middle of the month. This led to a sharp reversal in investor appetite for growth assets. Losses were offset by a long exposure to German Government bonds which rallied on investor concerns of a default on Greek national debt.

**Global Fixed Income** – Risk of European sovereign debt default.

The Fund benefited from a rally in German bonds as investors sought a safe haven from possible sovereign defaults in the indebted economies of Portugal, Ireland, Greece and Spain.

**Foreign Exchange** – Re-weighting to growth currencies/ Growing negative sentiment towards the US dollar.

The Fund held a Canadian dollar position versus the US dollar throughout the month. This underperformed as investors moved out of growth currencies.

**Commodities** – Demand for physical assets (metals)/ shortage of supply in soft commodities.

Retracement of recent gains in Gold and Silver negatively impacted performance. This was offset by gains in agricultural commodities and a short position in Natural Gas.

Comments welcome.

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