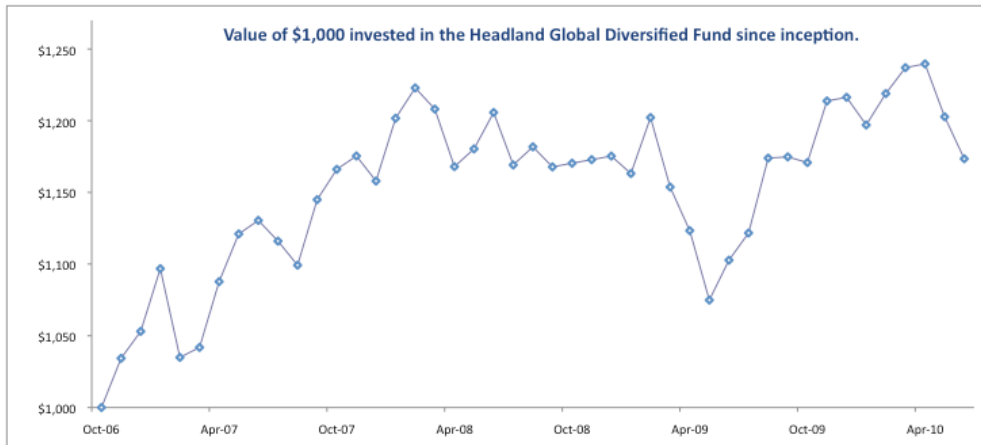


# Headland Global Diversified Fund

## Manager and Fund Description

Headland is an investment specialist with a focus on institutional quality risk management and compliance. The Global Diversified Fund seeks to provide investors with capital growth and an alternative to equities. The Fund allocates capital to major investment themes in global bond, currency and commodity markets using a quantitative approach.



Investment returns	
June 2010	-2.43
1 year	6.51
3 year	1.51
Annualised return since inception	4.61
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

<b>Latest Return Date:</b> June 2010		<b>Annualised Return:</b> 4.61%	
<b>Latest Month:</b>	<b>Latest 3 Months:</b>	<b>Latest 6 Months:</b>	<b>Latest 12 Months:</b>
-2.43%	-5.19%	-3.47%	6.51%
<b>Total Return:</b>	<b>YTD:</b>	<b>Average Return:</b>	<b>Reporting frequency:</b>
17.95%	-3.48%	0.47%	Monthly
<b>% Positive Months:</b>	<b>% Negative Months:</b>	<b>Average +ve Return:</b>	<b>Average -ve Return:</b>
65.00%	35.00%	1.99%	-2.36%

## 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>
8.74%	6.38%	0.17	0.06
<b>Correlation to equities</b>	<b>Correlation to bonds</b>		
0.05	-0.02		

## Historical Performance

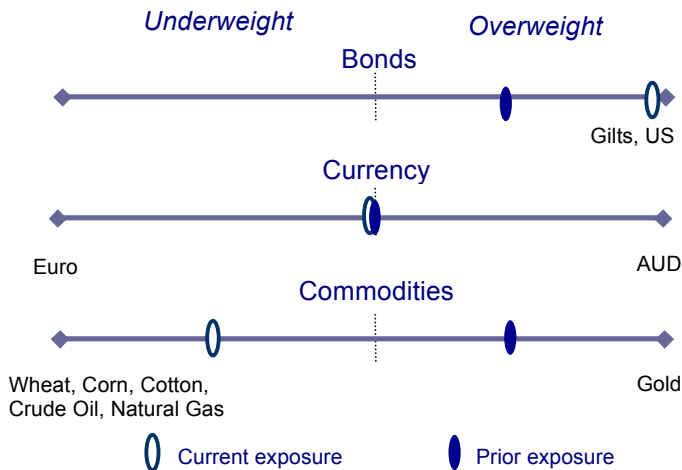
Year	Jan %	Feb %	Mar %	Apr %	May %	Jun %	Jul %	Aug %	Sep %	Oct %	Nov %	Dec %	YTD %
2010	-1.58	1.84	1.49	0.22	-2.97	-2.43							-3.48
2009	-1.02	3.38	-3.90	-2.53	-4.31	2.59	1.76	4.68	0.09	-0.33	3.68	0.22	3.90
2008	3.78	1.76	-1.21	-3.32	1.06	2.15	-3.03	1.08	-1.18	0.24	0.27	0.23	1.70
2007	4.15	-5.63	0.67	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

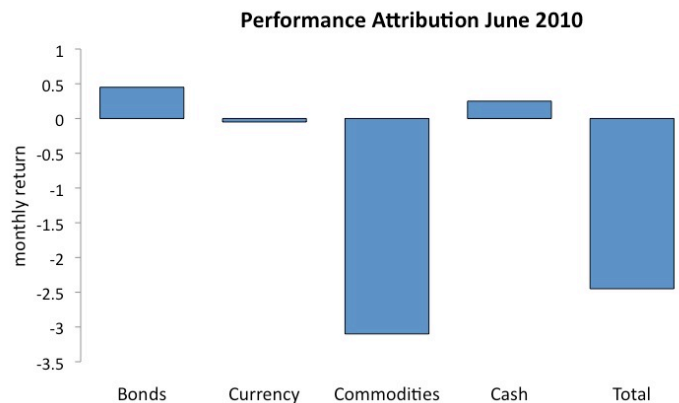
## Investment process

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 -2.43% for June, a second consecutive negative month. Consistent with our focus on long-term trends, periods of underperformance have typically coincided with significant turning points in the global economy.

Losses have been concentrated in the Fund's commodities exposure, whilst the portfolio's overweight bond exposure has been a positive. This again suggests that investors are becoming increasingly concerned about the sustainability of the economic recovery.

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

The Fund remained overweight European bonds and added positions in US bonds during the month. Both positions were a positive for performance in the month.

### Foreign Exchange – Impact of European debt issues affecting the outperformance of growth currencies.

The Fund continued to reduce exposure to the growth currencies of AUD and CAD. The Fund also held short positions in both the Euro and the British Pound during the month.

### Commodities – Re-assessment of commodity values. Falling food and energy prices.

Commodities performance was mixed in June, showing a small recovery following the previous months falls. A rise in food prices (Corn and Wheat) and Natural Gas was a negative for performance. This follows substantial falls in their price over the past 18 months.

Comments welcome.

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