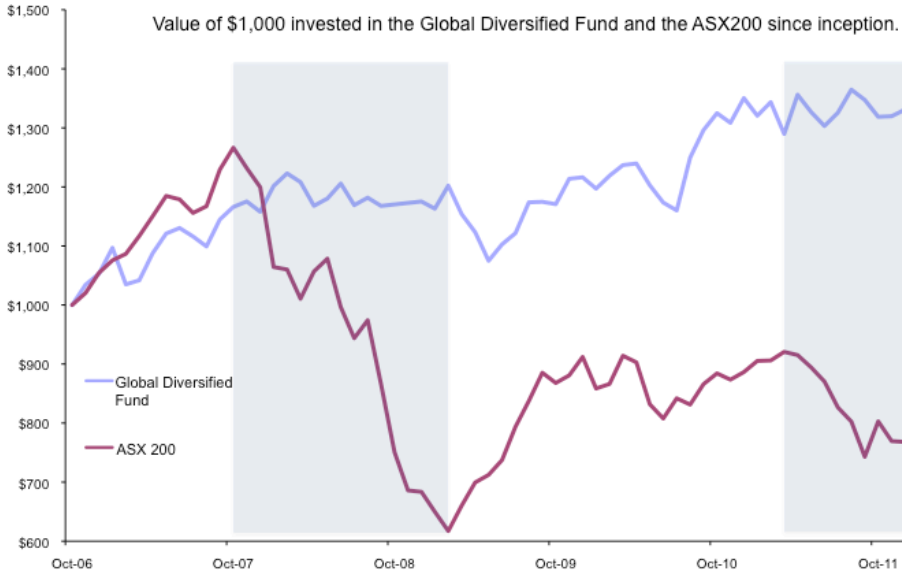


# Headland Global Diversified Fund

## Manager and Fund Description

Headland is an investment specialist focused on absolute returns (positive returns regardless of the performance of traditional benchmarks). The Global Diversified Fund invests in a risk efficient portfolio of global bond, currency and commodity markets. Since inception the Fund has outperformed the Australian equity market by 57%.

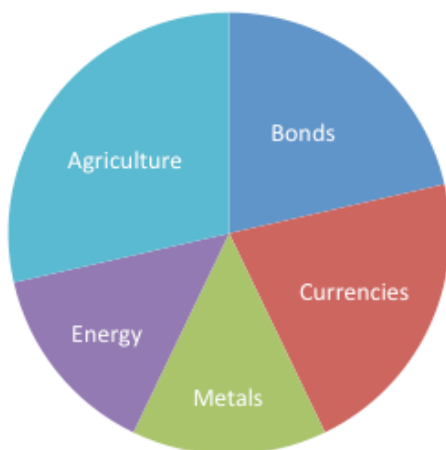


Investment returns	
December 2011	0.85%
1 year	-1.07%
3 year	3.30%
Since inception	5.80%
Unit price	1.1242
Performance is net of fees.	

## Asset Allocation

The Fund's investment portfolio is managed in a very risk efficient manner. Exposure to each asset is adjusted on an ongoing basis to maintain a diversified portfolio and ensure the Fund remains within risk guidelines.

Asset allocation (as a proportion of risk budget)

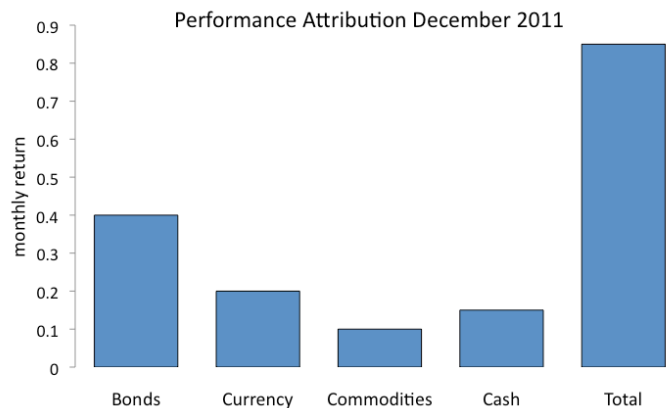


The Fund is managed to a specific risk budget. The volatility target ensures the portfolio has sufficient exposure to reach its performance goals whilst not breaching mandated drawdown limits.

Annualised Portfolio Volatility	
Latest 12 months	Since inception
9.2%	10.8%

## Performance Attribution

The Global Diversified Fund returned 0.85% for December. 2011 was another tough year for investors with volatile and highly correlated markets. The Funds performance was -1.07% for the year and continues to outperform both its benchmark (Barclays Managed Futures, -3%) and equity markets (ASX 200, -11.4%).

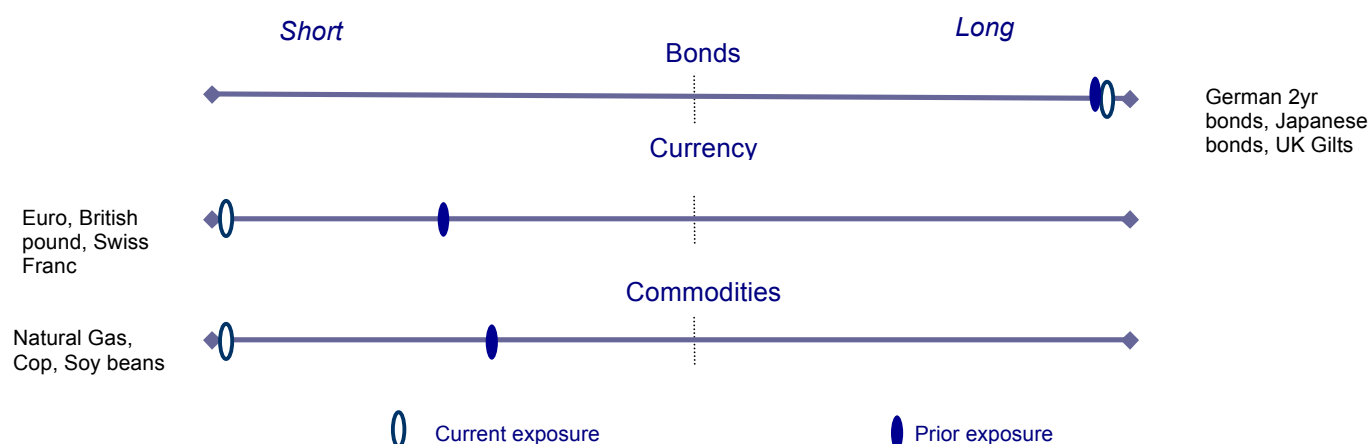


Top 3 positions	Performance
Euro	0.75%
Natural Gas	0.47%
Copper	0.39%

Bottom 3 positions	Performance
Gold	-0.51%
Crude Oil	-0.39%
Japanese Yen	-0.29%

# Headland Global Diversified Fund

## Investment strategy



**Global Fixed Income** – Lower inflation/ interest rates on hold.

The situation in Europe continues to dominate news with markets swinging between gloom and optimism, depending on the story of the day. The Fund maintains its over-weight bond position, which was a small positive for performance.

**Foreign Exchange** – Competitive devaluations, US dollar starts to appreciate for the first time in 3 years.

The Fund has reversed its short position in the US dollar over the last 3 months. The Fund is now long the US dollar versus the Euro, British pound and Swiss Franc.

**Commodities** – Slower growth impacting commodities.

The Funds commodities exposure has turned bearish over the last few months, as concerns over the global outlook for growth have weakened commodity prices. The Fund also benefitted from falling agricultural prices.

Comments welcome.

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

## 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>Investment notice:</b>	<b>Entry fee:</b>	<b>Exit fee:</b>
3 Days	3 Days	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

## Historical Performance

Year	Jan %	Feb %	Mar %	Apr %	May %	Jun %	Jul %	Aug %	Sep %	Oct %	Nov %	Dec %	YTD %
2011	-2.21	1.74	-4.01	5.15	-2.15	-1.79	1.73	2.94	-1.27	-2.13	0.08	0.85	-1.07
2010	-1.58	1.84	1.49	0.22	-2.97	-2.43	-1.13	7.73	3.75	2.20	-1.23	3.20	11.10
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 Investment Management  
Lvl 11, Waterfront Place, Brisbane 4000  
ACN 128 596 412 AFSL 321 548

web [www.headlandglobal.com.au](http://www.headlandglobal.com.au)  
tel 07 3102 3700  
e-mail [enquiries@headlandglobal.com.au](mailto:enquiries@headlandglobal.com.au)

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