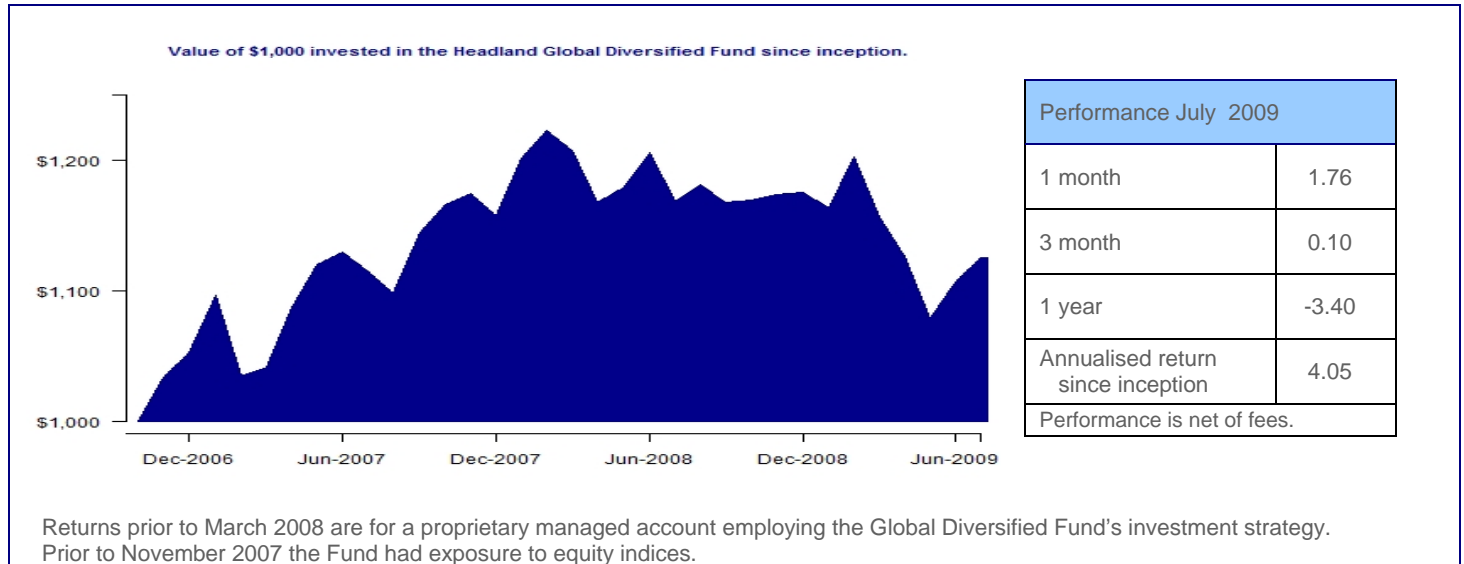


## Headland Global Diversified Fund

### 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> July 2009		<b>Annualised Return:</b> 4.05%	
<b>Latest Month:</b>	<b>Latest 3 Months:</b>	<b>Latest 12 Months:</b>	<b>Latest 24 Months:</b>
1.76%	-0.10%	-8.62%	-3.20%
<b>Total Return:</b>	<b>YTD:</b>	<b>Average Return:</b>	<b>Reporting frequency:</b>
12.63%	-4.25%	0.40%	Monthly
<b>% Positive Months:</b>	<b>% Negative Months:</b>	<b>Best month:</b>	<b>Worst month:</b>
66.00%	33.00%	4.40%	-5.63%
<b>Largest Drawdown:</b>	<b>Time to recovery:</b>	<b>Average +ve Return:</b>	<b>Average -ve Return:</b>
-11.76%	16 months	2.06%	-2.54%

### 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>
8.88%	6.22%	0.38	0.22
<b>Correlation to equities</b>	<b>Correlation to bonds</b>		
-0.17	-0.03		

### Historical Performance

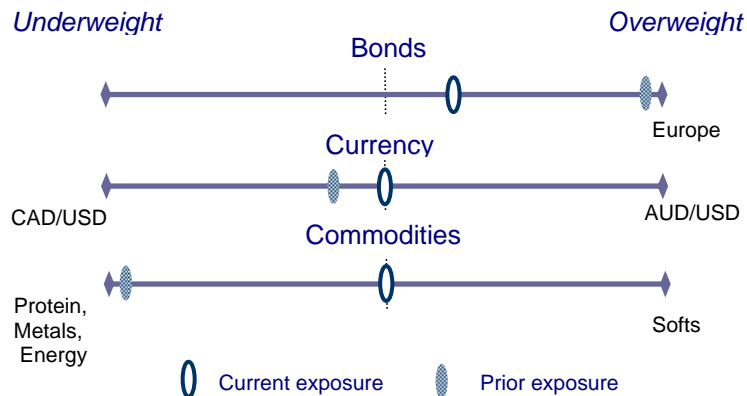
Year	Jan %	Feb %	Mar %	Apr %	May %	Jun %	Jul %	Aug %	Sep %	Oct %	Nov %	Dec %	YTD %
2009	-1.02	3.38	-3.90	-2.53	-4.31	2.59	1.76						-4.25
2008	3.78	1.76	-1.21	-3.32	1.06	2.15	-3.03	1.08	-1.18	0.24	0.27	0.23	1.75
2007	4.15	-5.63	0.67	4.40	3.06	0.84	-1.27	-1.50	4.15	1.85	0.79	-1.49	9.96
2006											3.43	1.81	5.30

# Headland Global Diversified Fund

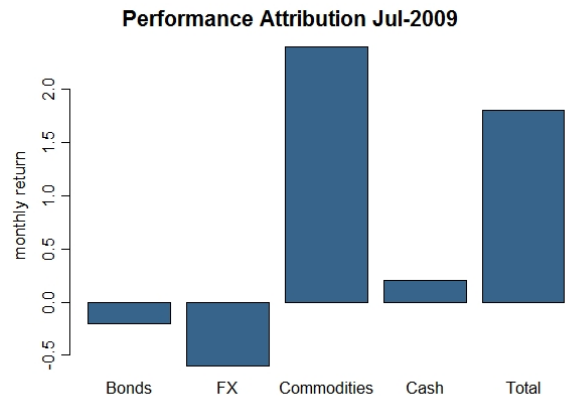
## Investment process

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 change to a more positive sentiment has now been in place for four months. The unprecedented stimulus added by Governments around the world has led to an improvement (or slowing decline) in economic data. Risk markets are anticipating a recovery for the global economy. In line with the strategy of being aligned with long run investment themes the Fund's asset allocation is moving towards a more bullish position.

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

Expectations of higher bond issuance and the likely downgrading of sovereign credit ratings have caused long dated government yields to increase. The Fund has been overweight bonds for some months but reduced its exposure over the month. The Fund still remains long short dated European bonds.

### Foreign Exchange – *Re-weighting to growth currencies.*

The Fund reduced its long US dollar exposure over the month switching from a short Canadian dollar position to a spread between the Australian and Canadian dollar. The Australian dollar has been appreciating over recent months anticipating strong demand for Australian commodities from Asia and also the prospect of a tightening of interest rates by the Reserve Bank.

### Commodities – *Falling US dollar/ shortage of supply in soft commodities.*

Commodities retraced some of their recent gains early in the month benefitting the Funds short industrial commodities position. A short position in Natural Gas made the largest contribution to profits. The Fund also added long positions in soft commodities (Soy Beans, Sugar and Cocoa) over the month.

Comments welcome.

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