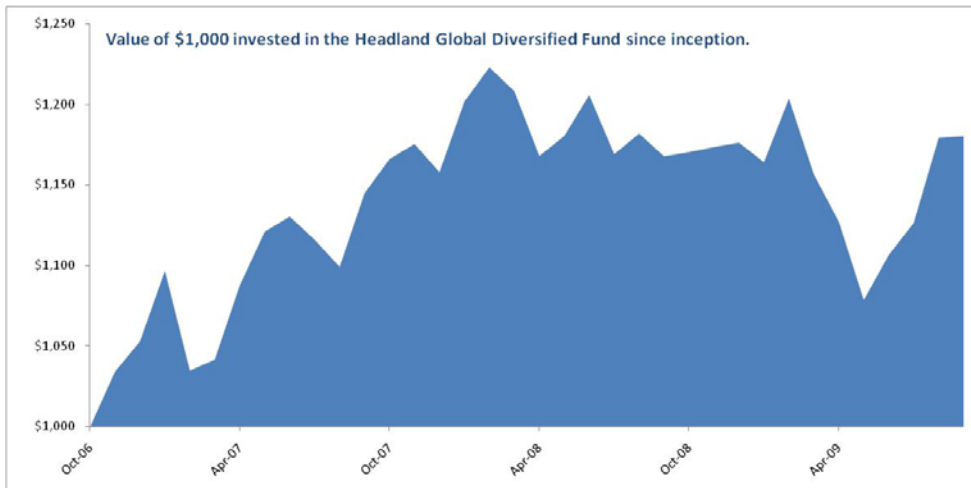


# Headland Global Diversified Fund

## 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 September 2009

1 month	0.09
3 month	6.56
1 year	1.48
Annualised return since inception	5.90
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> September 2009		<b>Annualised Return:</b> 5.90%	
<b>Latest Month:</b>	<b>Latest 3 Months:</b>	<b>Latest 12 Months:</b>	<b>Latest 24 Months:</b>
0.09%	6.56%	1.48%	3.75%
<b>Total Return:</b>	<b>YTD:</b>	<b>Average Return:</b>	<b>Reporting frequency:</b>
18.00%	0.32%	0.52%	Monthly
<b>% Positive Months:</b>	<b>% Negative Months:</b>	<b>Best month:</b>	<b>Worst month:</b>
66.00%	33.00%	4.68%	-5.63%
<b>Largest Drawdown:</b>	<b>Time to recovery:</b>	<b>Average +ve Return:</b>	<b>Average -ve Return:</b>
-11.76%	17 months	2.10%	-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>
9.28%	6.65%	0.04	0.07
<b>Correlation to equities</b>	<b>Correlation to bonds</b>		
-0.09	-0.05		

## Historical Performance

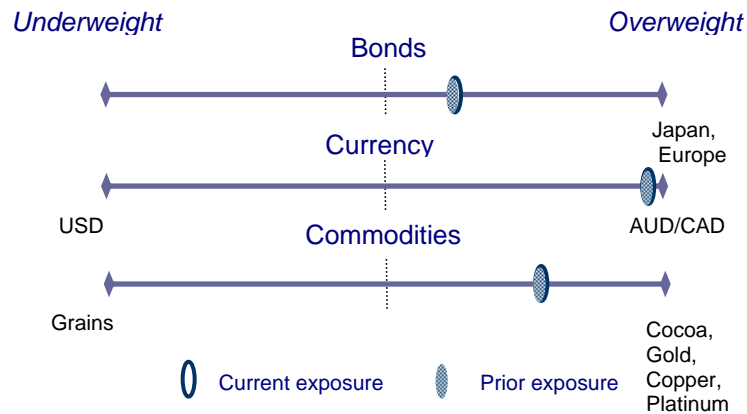
Year	Jan %	Feb %	Mar %	Apr %	May %	Jun %	Jul %	Aug %	Sep %	Oct %	Nov %	Dec %	YTD %
2009	-1.02	3.38	-3.90	-2.53	-4.31	2.59	1.76	4.68	0.09				0.32
2008	3.78	1.76	-1.21	-3.32	1.06	2.15	-3.03	1.08	-1.18	0.24	0.27	0.23	1.70
2007	4.15	-5.63	0.67	4.40	3.06	0.84	-1.27	-1.50	4.15	1.85	0.79	-1.49	10.00
2006											3.43	1.81	5.30

# Headland Global Diversified Fund

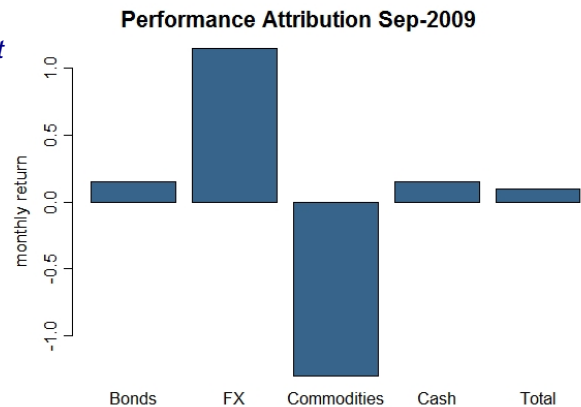
## Investment process

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 change to a more positive sentiment has now been in place since March 2009. 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 has moved towards a more bullish position. The Fund is now overweight industrial and precious metals and is also short the US dollar. Whilst this strategy proved positive over the first half of the month, retracements in the second half led to flat performance for the month.

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

Despite fears of over-supply bond markets rallied for most of the month. Investors are anticipating a sweet spot in the global recovery where excess capacity keeps inflation low and allows Central Banks to maintain a low interest rate environment. Long positions in European and Japanese bonds were a positive for performance.

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

With sentiment building that last year's crisis is behind us Foreign Exchange markets have switched focus towards the growing supply of US dollars and increasing diplomatic tension between China and the US. The Fund's long exposure to the Canadian and Australian dollar added significantly to performance.

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

Following good profits in commodities over the last three months, reversals impacted on performance. The Fund has been short Natural Gas most of the year as prices halved but September saw a sharp reversal. Grains also had retracements of recent falls which was a negative for performance.

Comments welcome.

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