

The ARP Diversified  
Futures Fund

June 2013



# Introducing Absolute Return Partners

## Who are we?

### The Investment Committee



**Niels C. Jensen** founded ARP in 2002, following 16 years in the City at Goldman Sachs, Oppenheimer and, most recently, as Head of Private Wealth Management at Lehman Brothers Int'l. Niels is Managing Partner and CIO with overall responsibility for investments.



**Nick Rees** joined ARP in 2004 following five years at Goldman Sachs where he managed financial and operational risk, before moving to the Equity Capital Markets division of the firm. Nick is a Partner in charge of Business Development.



**Tricia Ward** joined ARP in 2008 as a research analyst and became Head of Research in 2009. She has 12 years of hedge fund experience, having worked at Goldman Sachs for 5 years and at KBC for 3 years before joining ARP. Tricia is a Qualified Chartered Accountant.

### Chief Operating Officer



**Steven Bartel** joined ARP from GSA Capital in 2007 and became a partner in 2009. He holds the position as Chief Operating Officer with overall responsibility for risk management, finance and administration. Steven is a Qualified Chartered Accountant.

### Facts about Absolute Return Partners

- ARP is a London based investment management company founded in 2002.
- We manage over \$400 million, providing bespoke alternative investment solutions to institutional investors.
- Across our different businesses we have grown into a cohesive team of over 20 professionals.
- Since 2009 we have established a number of joint ventures enabling us to better service our clients.
- We are authorised and regulated by the Financial Conduct Authority in the UK. Firm Reference Number 221250

## Introducing Absolute Return Partners

# What do we do?

- We are a client and solutions driven alternative investment management company
- We challenge ourselves to identify the best solutions for our clients
- Our approach is opportunistic and nimble at the same time
- We have 3 business lines:

### 1. Multi manager solutions

- We create bespoke solutions for investors looking for exposure to asset classes or investment strategies which are largely uncorrelated with traditional asset classes.
- We structure portfolios of alternative investment strategies with a strict focus on absolute returns.
- We offer both discretionary and advisory services.
- Our approach offers much more flexibility and lower costs than a typical fund of funds platform.

### 2. Single manager products

- The aim is to offer investors access to strategies which we expect can deliver attractive returns in a volatile global environment.
- We offer both UCITS and non-UCITS investment products.
- Our main areas of focus include equities, credit, managed futures and power.
- All our products have been launched as joint ventures with seasoned investment professionals with solid track records.

### 3. Private wealth management

- We have a sole focus, that of a downstream provider of asset management services to high net worth individuals and families.
- We provide creative risk management and investment solutions.
- Each client's requirements are different, and so each portfolio will differ from others.
- Our wealth management unit operates under the name of Quartet Capital Partners.

## Introducing Absolute Return Partners

# How do we do it?

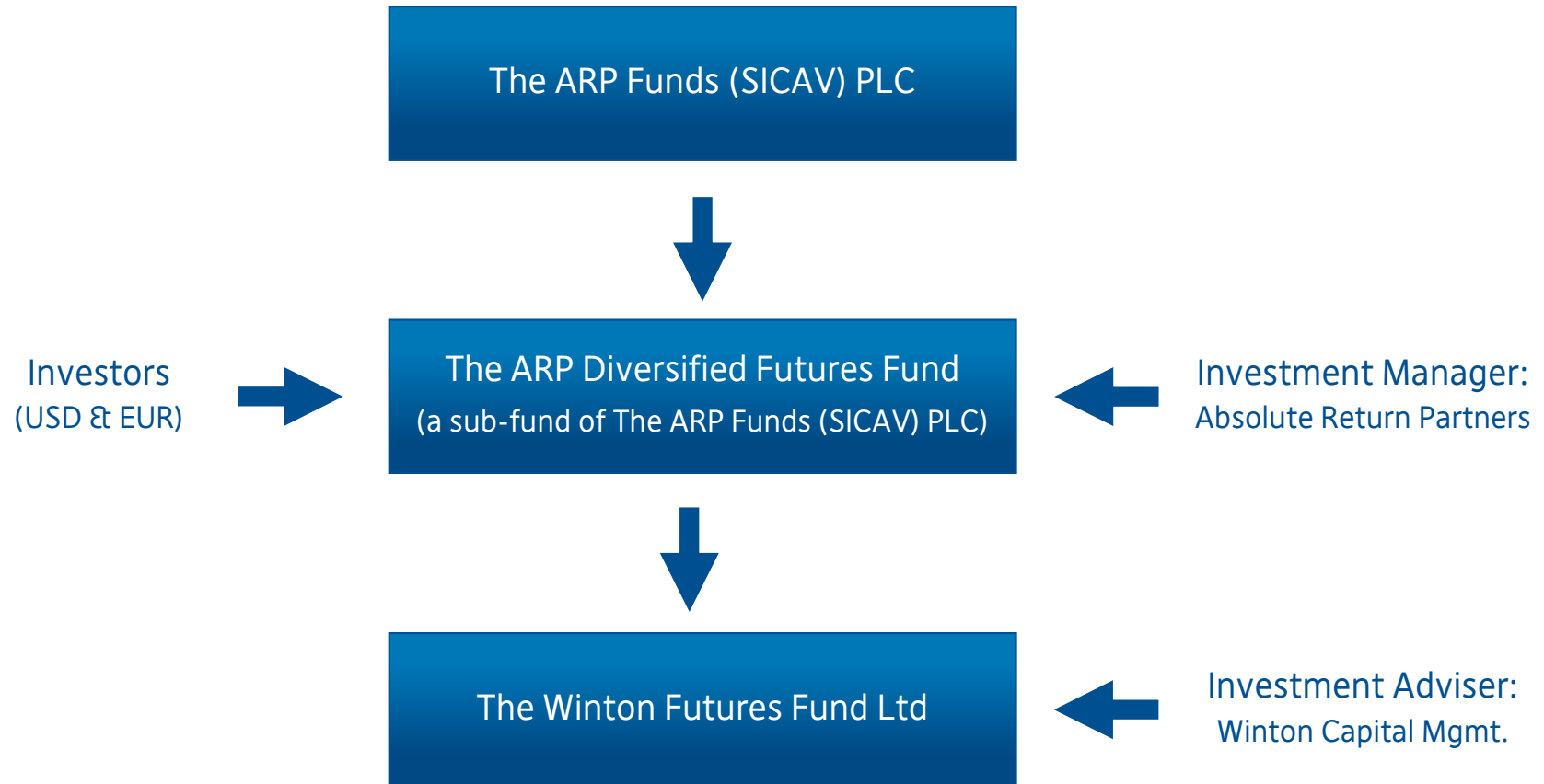
- We have an extensive network whose assets total USD 6.2bn+
- We can make quick decisions when required
- We are fiercely independent

The logo for Vinculum, featuring the word "VINCULUM" in a bold, black, serif font with a thin horizontal line above the letters.The logo for Halkin ARP Capital, with "HALKIN" in a large, red, serif font and "ARP CAPITAL" in a smaller, black, sans-serif font below it.The logo for Quartet Investment Managers, consisting of a grey square with a white "Q" inside, followed by the text "Quartet Investment Managers" in a black, sans-serif font.The logo for Fynn Capital, with "FYNN" in a white, serif font and "CAPITAL" in a smaller, white, sans-serif font, both set against a dark grey rectangular background.The logo for Moeda Advisors, with "moeda" in a lowercase, grey, sans-serif font and "advisors" in a smaller, red, lowercase, sans-serif font below it.The logo for Saltwater Partners, featuring a stylized blue wave icon to the left of the text "Saltwater partners" in a blue, sans-serif font.The logo for Altegris Investments, with a red circular icon containing a white upward-pointing arrow above the text "altegris" in a bold, black, sans-serif font, and "INVESTMENTS" in a smaller, black, sans-serif font below it.The logo for Plexus Asset Management, featuring a teal circular icon with a white swirl inside, followed by "Plexus" in a bold, teal, sans-serif font and "Asset Management" in a smaller, black, sans-serif font below it.The logo for Millennium Wave Investments, with "Millennium Wave" in a black, serif font and "INVESTMENTS" in a bold, black, sans-serif font below it.The logo for CMG Capital Management Group, Inc., with "CMG" in a large, white, serif font and "CAPITAL MANAGEMENT GROUP, INC." in a smaller, white, sans-serif font, both set against a dark blue rectangular background.The logo for Nicola Wealth Management, with a large, black, serif "N" above the text "NICOLA" in a bold, black, sans-serif font, and "WEALTH MANAGEMENT" in a smaller, black, sans-serif font below it.

## Introducing Absolute Return Partners

# The ARP Diversified Futures Fund

- Invests directly and solely into the Winton Futures Fund Ltd



# The Managed Futures Strategy

## Don't lose sight of the facts

- We currently live in a high correlation environment, but managed futures remain lowly correlated

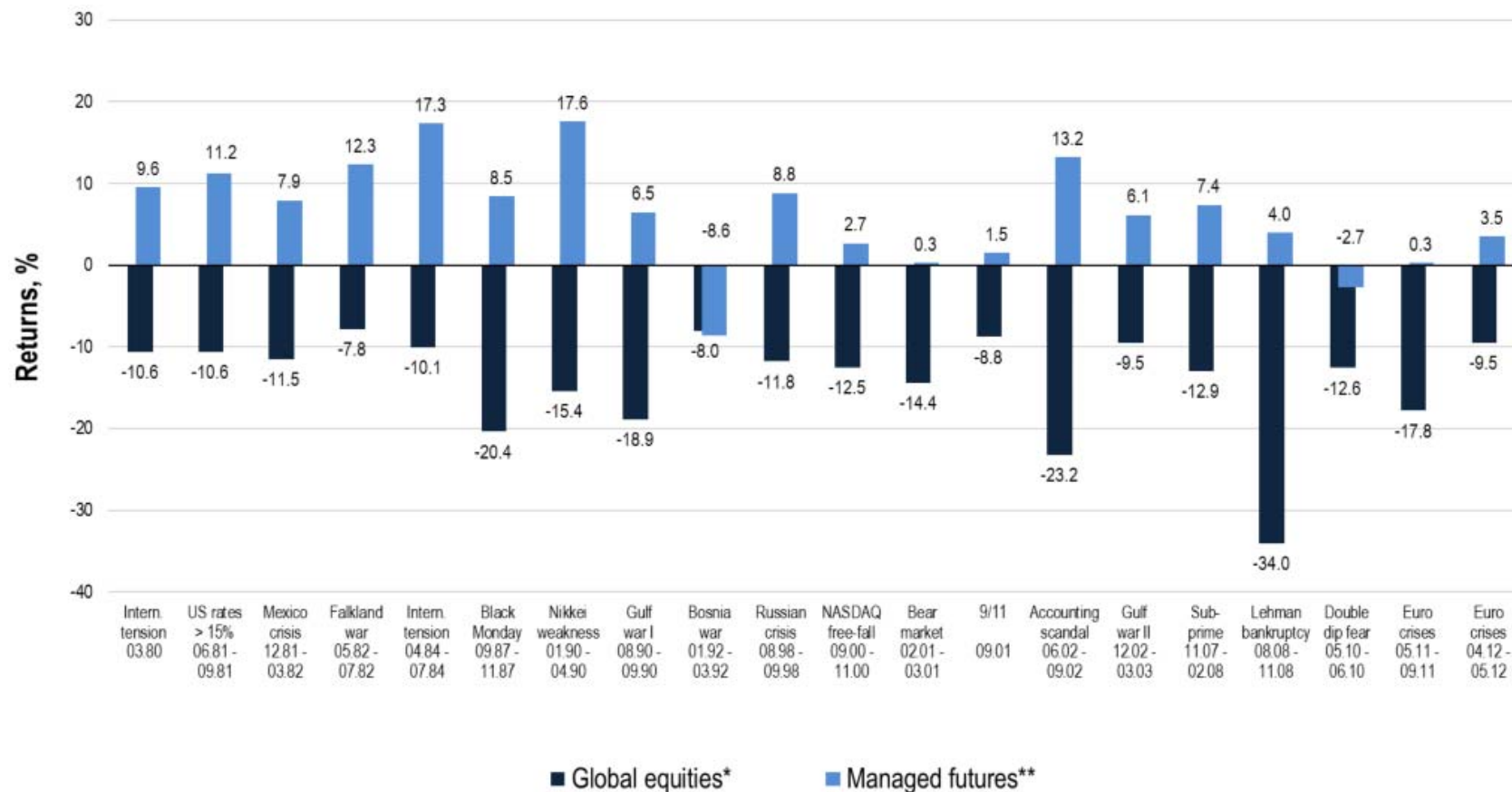


Source: Absolute Return Partners. Managed Futures represented by the Barclay CTA Index; Global Equities by the MSCI World Index; L/S Equity by the HFRI Equity Hedge Index; Absolute Return by the HFRX Absolute Return Index; IG Bonds by the Barclay Aggregate Bond Index; Corporate HY by the Barclay High Yield Corporate Bond Index; Commodities by the S&P GSCI US Commodity Index; Gold by the S&P GSCI US Gold Index.

## The Managed Futures Strategy

# Managed futures in difficult market environments

- Managed Futures have delivered a positive return in 18 out of 20 equity ‘accidents’
- Managed Futures have annualised 11.6% versus 9.9% in global equities (1980 – May ‘12)

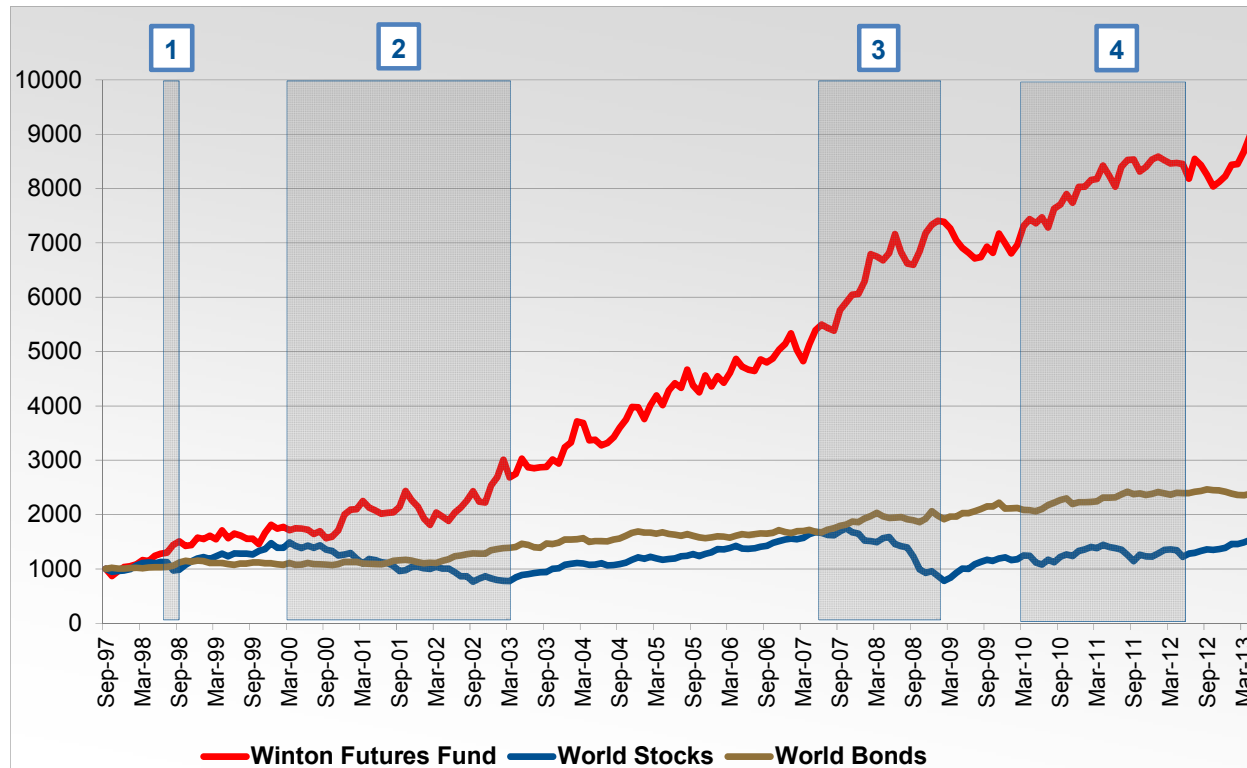


Source: Ineichen Research and Management, June 2012.



## Winton Futures Fund

# Winton has an impressive track record



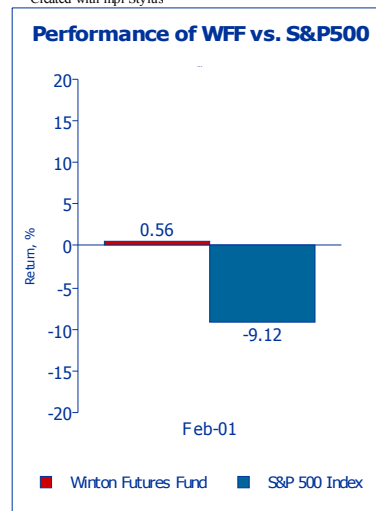
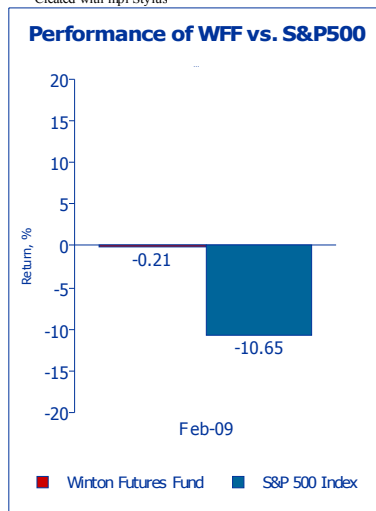
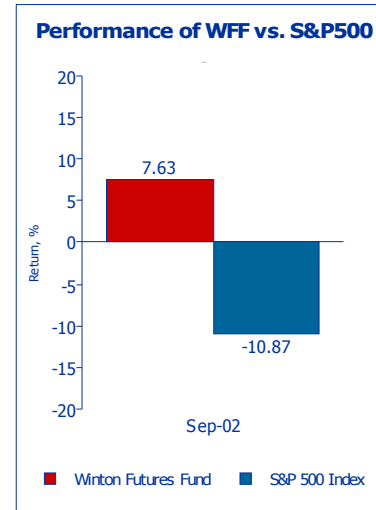
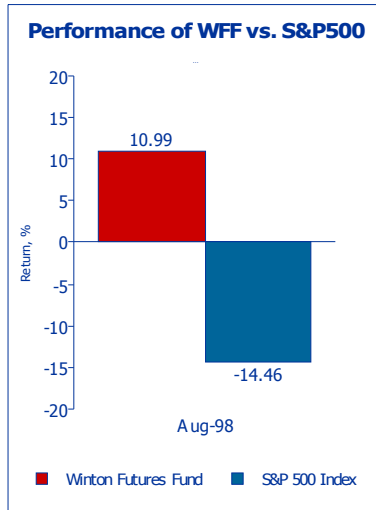
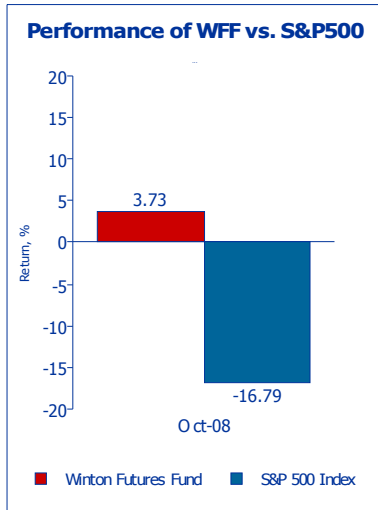
|   | Total return over the crisis period                       | World Stocks | World Bonds | Winton Futures Fund |
|---|---|--------------|-------------|---------------------|
| 1 | <b>Russian / LTCM crisis</b><br>1 Aug 1998 - 30 Sep 1998  | -12.04%      | 8.06%       | 16.00%              |
| 2 | <b>Equity bear market</b><br>1 Apr 2000 - 31 Mar 2003     | -47.72%      | 25.17%      | 56.74%              |
| 3 | <b>Financial crisis</b><br>1 Jul 2007 - 28 Feb 2009       | -53.14%      | 14.39%      | 34.44%              |
| 4 | <b>Sovereign debt crisis</b><br>1 Apr 2010 - 31 July 2012 | 4.34%        | 16.35%      | 14.90%              |

**Source:** Bloomberg, Winton Capital Management and BoA ML. World bonds are represented by the BoA Merrill Lynch Global Gvt Bond Index II. World Stocks are represented by the MSCI World Index. The periods selected are exceptional and these results do not reflect typical performance. As a consequence, they give no indication of likely performance.



# Winton Futures Fund

...with lowly correlated returns in difficult markets



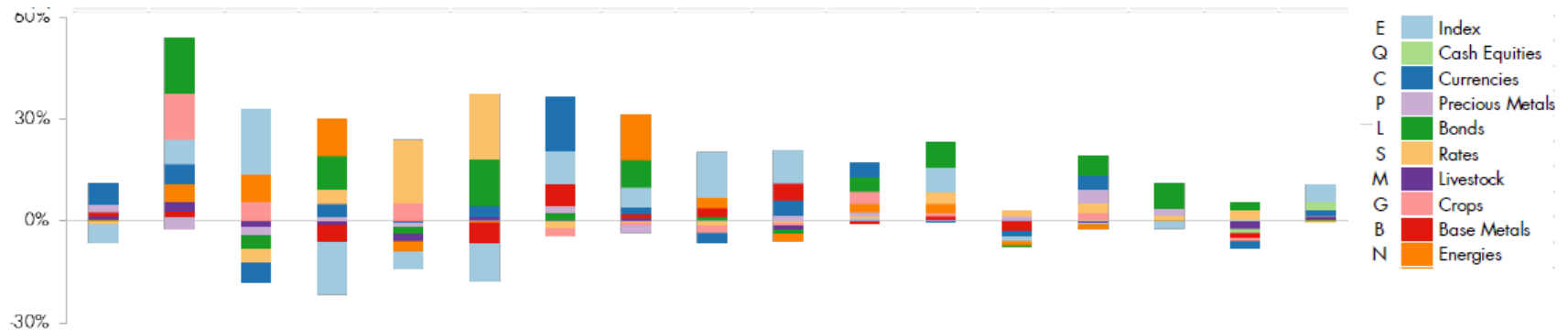
**Note:** Based on the returns of the Class B (USD) Lead Series since inception in 1997 to April, 2013. Returns through 2012 have been independently audited. Investors should note that whilst historically, over the long term, the WFF has a low correlation to traditional asset classes, when viewed over some time periods correlations may be close to either +1 or -1.

# Winton Futures Fund

## Performance drivers are diverse

Performance in descending order

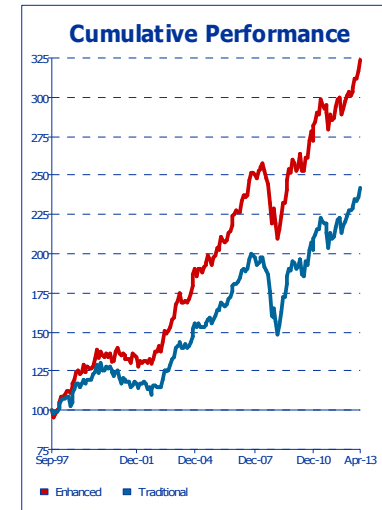
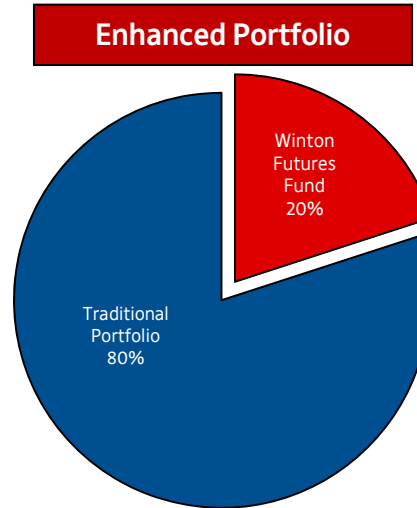
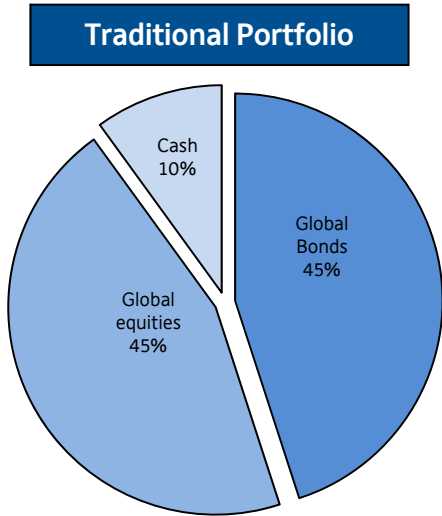
|            | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|------------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|
| 1st place  | C    | L    | E    | N    | S    | S    | C    | N    | E    | E    | C    | L    | S    | L    | L    | L    | E    |
| 2nd place  | P    | G    | N    | L    | G    | L    | E    | L    | N    | B    | L    | E    | P    | C    | P    | S    | Q    |
| 3rd place  | B    | E    | G    | S    | B    | C    | B    | E    | B    | C    | G    | S    | M    | P    | S    | E    | C    |
| 4th place  | M    | C    | B    | C    | C    | M    | P    | C    | L    | P    | N    | N    | G    | S    | N    | M    | P    |
| 5th place  | N    | N    | M    | P    | P    | G    | L    | B    | P    | S    | P    | G    | B    | G    | G    | Q    | L    |
| 6th place  | L    | M    | P    | G    | L    | P    | M    | M    | M    | G    | S    | B    | C    | Q    | Q    | B    | S    |
| 7th place  | G    | B    | L    | M    | M    | N    | N    | S    | S    | M    | E    | P    | E    | M    | B    | G    | M    |
| 8th place  | S    | S    | S    | B    | N    | B    | S    | G    | G    | L    | M    | M    | N    | E    | M    | P    | G    |
| 9th place  | E    | P    | C    | E    | E    | E    | G    | P    | C    | N    | B    | C    | L    | B    | C    | N    | B    |
| 10th place |      |      |      |      |      |      |      |      |      |      |      |      |      | N    | E    | C    | N    |



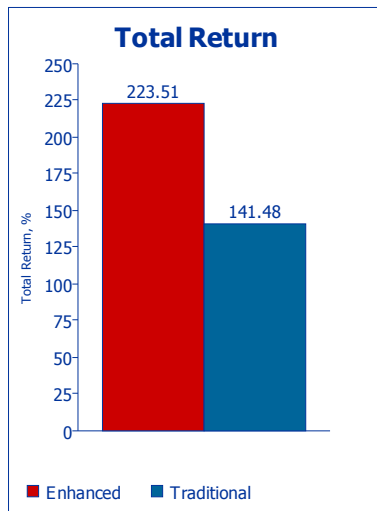
**Source:** Winton Capital Management Limited as at 30<sup>th</sup> April 2013. Based on the Winton Diversified Programme managed account selected on the basis of having the longest track record as well as being the largest by assets under management within the Winton Diversified Programme. Sector returns above are gross and do not include management fees, performance fees, interest or currency movements. 1997 only includes October through December. From June 2010 onwards, performance of derivatives for hedging purposes of cash equities are included in the cash equities sector's returns. e = estimate.

# Winton Futures Fund

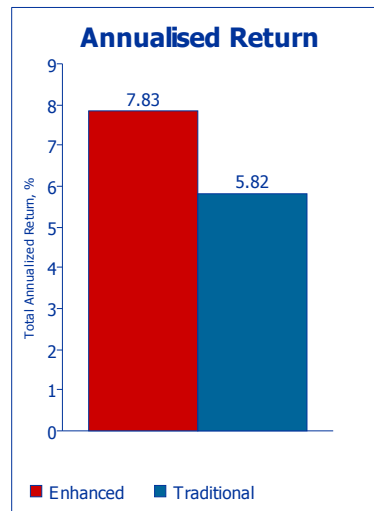
## Value added at the portfolio level



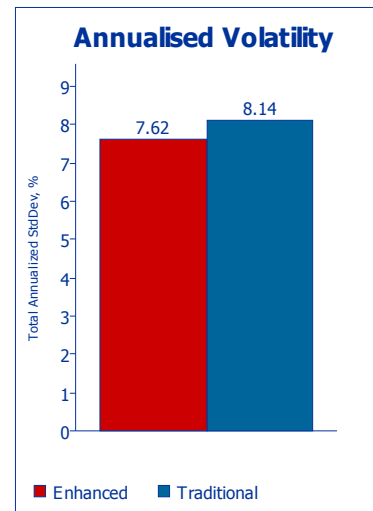
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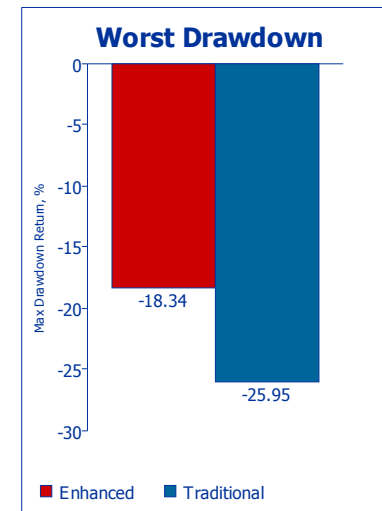
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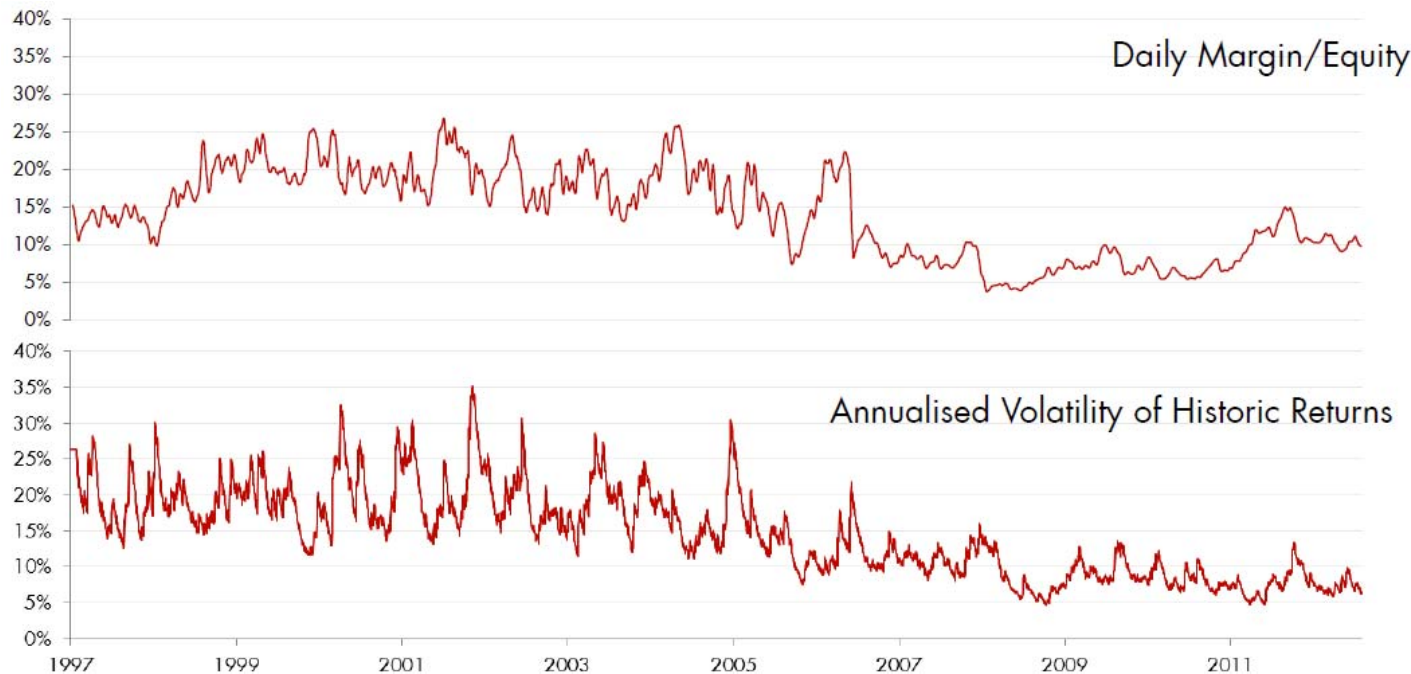
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**Note:** Global Equities represented by MSCI World Index, Global Bonds by Merrill Lynch Global Broad Market Index and Cash by 91-day T-bills. All numbers in USD. Returns cover the period October 1997 through April 2013 with annual re-balancings.

## Winton Futures Fund

# Risk is tightly managed

- Historically Winton has run a higher level of risk, but now targets a lower risk level
- Margin to equity, liquidity & daily value at risk are all highly scrutinised
- Stress tests are used to assess statistical probabilities



**Note:** Margin/Equity data shown above is outright margin.

**Source:** Winton Capital Management Ltd. Both charts as at 30<sup>th</sup> April 2013.

# Appendix I

## Term Sheet

### Term Sheet

### The ARP Diversified Futures Fund

|                                   |  |
|-----------------------------------|--|
| <b>Investment Manager:</b>        | Absolute Return Partners LLP   |
| <b>Share Classes:</b>             | EUR: Class B<br>USD: Class C   |
| <b>Base Currency:</b>             | USD  |
| <b>Min Initial Investment:</b>    | USD 75,000 (or EUR equivalent)   |
| <b>Min Additional Investment:</b> | USD 30,000 (or EUR equivalent)   |
| <b>Management Fee*:</b>           | 2% of assets under management  |
| <b>Performance Fee*:</b>          | None   |
| <b>Lock-Up:</b>                   | None   |
| <b>Listing:</b>                   | No   |
| <b>Subscriptions:</b>             | Monthly  |
| <b>Redemptions:</b>               | Monthly  |
| <b>Notice Period (subs):</b>      | 5 Calendar Days  |
| <b>Notice Period (reds):</b>      | 10 Calendar Days   |
| <b>Domicile:</b>                  | Malta  |
| <b>Auditors:</b>                  | Deloitte   |
| <b>Administrator:</b>             | Quintillion Limited  |
| <b>Custodian:</b>                 | SMT Trustees (Ireland) Limited   |
| <b>Legal Counsel:</b>             | Boodle Hatfield (UK), Simon Tortell & Associates (Malta)   |
| <b>Security Codes:</b>            | Class B – ISIN MT0000078114, Bloomberg ARPDFSI MV<br>Class C – ISIN MT0000078122, Bloomberg ARPDFS C MV, CUSIP X0222M107 |

**Note:** Investors should note that The ARP Diversified Futures Fund will be investing into a fee paying share class of the WFF. The WFF charges a management fee of 1% per annum and a performance fee of 20%, plus other fees as stipulated in the WFF Prospectus.

## Appendix II

# Markets Tradable

| Bonds                          | Bloomberg Code | Crops                 | Bloomberg Code | Index   | Bloomberg Code | Rates                  | Bloomberg Code |
|--------------------------------|----------------|-----------------------|----------------|---|----------------|------------------------|----------------|
| Aussie Bonds (10 yr)           | XM             | Canola (Rapeseed)     | RS             | Amsterdam Index                               | EO             | Australian Bills       | IR             |
| Aussie Bonds (3 yr)            | YM             | Cocoa                 | CC             | CAC 40 (10EU)                                 | CF             | Canadian Bills         | BA             |
| BOBL                           | OE             | London Cocoa          | QC             | DAX   | GK             | Euribor (Liffe)        | ER             |
| T Bonds                        | US             | Coffee                | KC             | DJ Euro Stoxx                                 | VG             | Eurodollar             | GE             |
| EURO-BTP                       | IK             | London Coffee (Large) | DF             | DJ EuroStoxx Banks                            | CA             | Euroswiss              | ES             |
| Bunds                          | RX             | Arabica Coffee (TGE)  | JZ             | DJIA (E-Mini)                                 | DM             | Euroyen (TIFFE)        | YE             |
| German Long Bond               | UB             | Corn                  | C              | E Mini S&P                                    | ES             | Federal Funds (30 Day) | FF             |
| Canadian Bonds                 | CN             | Cotton                | CT             | E Mini S&P Midcap                             | FA             | New Zealand Bills      | ZB             |
| Euro OAT                       | OAT            | Lumber                | LB             | FTSE  | Z              | Short Sterling         | L              |
| Gilts                          | G              | Oats                  | O              | FTSE MIB                                      | ST             | Currencies             |                |
| JGB (Large)                    | JB             | Orange Juice          | JO             | FTSE Xinhua China A50 Index Future            | XU             | Australian Dollar      | AD             |
| Schatz                         | DU             | Palm Oil              | KO             | Full size S and P                             | SP             | British Pound          | BP             |
| Short Gilt                     | WB             | Red Beans (TGE)       | JE             | Hang Seng                                     | HI             | Canadian \$            | CD             |
| Swiss Bonds                    | FB             | Rough Rice            | RR             | HK China Index                                | HC             | US Dollar Index        | DX             |
| Swap Interest Rate 10 Yr       | DI             | Rapeseed (Matif)      | II             | IBEX 35                                       | IB             | Euro                   | EC             |
| Swap Interest Rate 5 Yr        | DS             | New Tokyo Rubber      | JN             | JSE Top 40                                    | AI             | Yen                    | JY             |
| Swap Interest Rate 2 Yr (Euro) | RW             | Soybean Oil           | BO             | KOSPI   | KM             | USD / Korean Won       | KU             |
| 10yr Notes                     | TY             | Soybeans              | S              | Mexican Stock Exchange IPC Index              | IS             | Mexican Peso           | PE             |
| 5yr Notes                      | FV             | Non-GM Soybeans       | KS             | MSCI Emerging Markets Index Future (E-mini)   | LLL            | New Zealand Dollar     | NV             |
| 2yr Notes                      | TU             | Soybean Meal          | SM             | Nasdaq Mini                                   | NQ             | Swiss Franc            | SF             |
| US Ultra Treasury Bond         | WN             | Sugar                 | SB             | Nikkei 225                                    | NI             | OTC FX Forwards        |                |
| Short-Term Euro-BTP            | BTS            | London Sugar          | QW             | Nikkei 225                                    | NK             | AUD/NZD                | USD/CNY        |
| Livestock                      |                | Wheat                 | W              | Russell 1000 E-Mini                           | RM             | EUR/CZK                | USD/IDR        |
| Feeder Cattle                  | FC             | Kansas City Wheat     | KW             | Russell 1000 Growth Index Mini                | RG             | EUR/GBP                | USD/ILS        |
| Live Cattle                    | LC             | Milling Wheat         | CA             | Russell 1000 Value Index Mini                 | RV             | EUR/HUF                | USD/INR        |
| Hogs                           | IH             | Hard Red Spring Wheat | MW             | Russell Mini                                  | RT             | EUR/JPY                | USD/JPY        |
| Pork Bellies                   | PB             | White Maize           | WZ             | S&P CNX Nifty (SIMEX)                         | IH             | EUR/NOK                | USD/MYR        |
| Energies                       |                | Base Metals           |                | S&P TSE 60                                    | PT             | EUR/PLN                | USD/PHP        |
| Crude Oil                      | CL             | Aluminium             | LA             | SET50 Thailand Index                          | BC             | EUR/SEK                | USD/RUB        |
| Brent Crude Oil                | CO             | Comex Copper          | HG             | Singapore Index                               | QZ             | EUR/USD                | USD/SGD        |
| Crude Oil WTI (IPE)            | EN             | Copper                | IP             | SPI 200                                       | XP             | GBP/USD                | USD/TRY        |
| Gasoil                         | QS             | Lead                  | LL             | Swedish Index                                 | QC             | NOK/SEK                | USD/TWD        |
| Gasoline                       | JV             | Nickel                | LN             | Taiwan Stock Exchange Electronic Sector Index | TE             | USD/BRL                | USD/ZAR        |
| Heating Oil                    | HO             | Tin                   | IT             | Taiwan Stock Exchange Finance Sector Index    | TB             | USD/CLP                |                |
| Kerosene                       | JX             | Zinc                  | LX             | Taiwan Stock Exchange Weighted Idx            | FT             |                        |                |
| Natural Gas (NYMEX)            | NG             |                       |                | Taiwan Stock Index                            | TW             |                        |                |
| Natural Gas (UK)               | FN             |                       |                | TOPIX   | TP             |                        |                |
| Unleaded Gasoline (RBOB)       | XB             |                       |                | Volatility Index                              | UX             |                        |                |
|                                |                |                       |                | Precious Metals                               |                |                        |                |
|                                |                |                       |                | Gold  | GC             |                        |                |
|                                |                |                       |                | Gold (Tocom)                                  | JG             |                        |                |
|                                |                |                       |                | Palladium                                     | PA             |                        |                |
|                                |                |                       |                | Platinum                                      | PL             |                        |                |
|                                |                |                       |                | Platinum (Tocom)                              | JA             |                        |                |
|                                |                |                       |                | Silver  | SI             |                        |                |

Source: Winton Capital Management limited as at 31<sup>st</sup> December, 2012

## Appendix III

# Contact Information

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