

PALM TREND FUND LTD

OVERVIEW 2012

CTAs - WHAT'S THAT?

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	Different Asset Allocations		
	Traditional	Yale / Harvard	CTA's
style	discretionary growth/value	discretionary growth/value	<i>systematic trend following</i>
asset classes	equities bonds	equities bonds commodities hedge funds private equity	<i>futures on: equities bonds commodities foreign-exchange</i>
focus	home bias	global	<i>global</i>
liquidity	high	variable	<i>high</i>
allocation	long only (static)	long only	<i>long/short (dynamic)</i>
risk	volatility	value at risk	<i>asymmetric</i>
weighting	capital	capital	<i>risk</i>

- CTAs = Commodity Trading Advisors = *Managed Futures Managers*
 - due to historically dominated global futures markets by agriculture & commodity futures, *Managed Futures Managers* are called CTAs

BACKGROUND AND BELIEFS

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- financial and commodities markets are not efficient
- these inefficiencies manifest themselves in, among others, the occurrence of trends
- it is possible to exploit these trends in a systematic and disciplined way
- trends are caused by
 - psychological factors like herd behavior, diffusion of inside information, threshold effects, unintentional speculators...

TRANSPARENT & CLEAR SET UP

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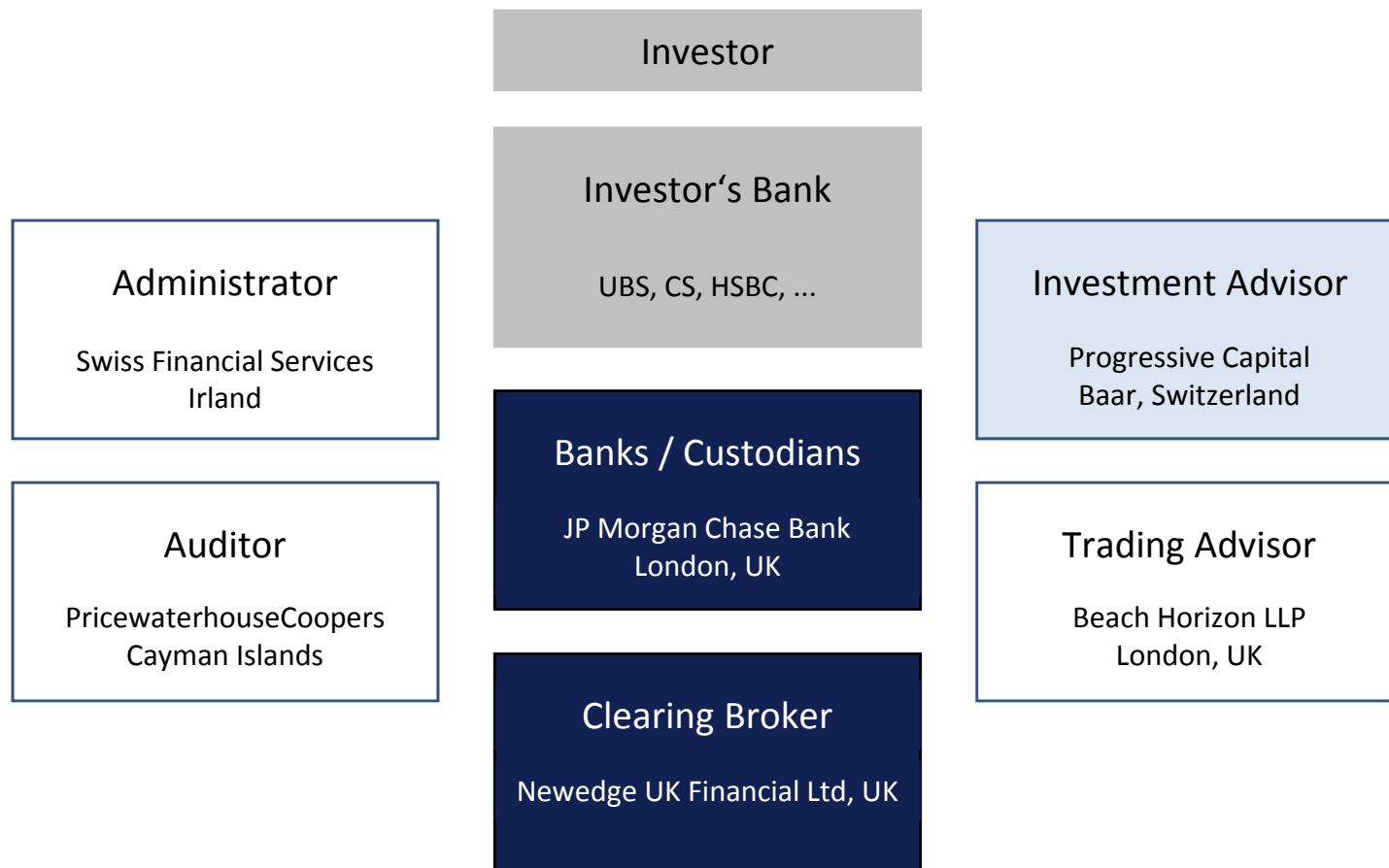
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Legend:

Service Providers / Advisors

Investor Assets Custody

Fund Assets Custody

INVESTMENT ADVISOR

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- **Progressive Capital Partners Ltd, Baar, CH**
- limited liability company, established 2001
- entirely owned by its management
- team of 8 people
- advisor to 2 Fund of Hedge Funds and 2 Single Manager Hedge Funds
- AuM exceed USD 800m
- registrations:
 - VQF – Financial Services Standards Association
 - AIMA – Alternative Investment Association

TRADING ADVISOR – THE COMPANY

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- **Beach Horizon LLP, London, UK**
- entirely owned by its management
- team of 15 people
- advisor to the Beach Horizon program
- AuM exceed USD 780m (incl. notional funds)
- registrations:
 - FSA – Financial Service Authority, UK
 - SEC – Securities & Exchange Commission, USA
 - NFA – National Futures Association, USA
 - CFTC – Commodity Futures Trading Commission, USD

TRADING ADVISOR – THE KEY PEOPLE

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- **David Beach**
 - Chief Investment Officer
 - 17 years track record
 - 19% p.a., \$1.4bn AuM at peak
- **Sanjeev Lakhanpal / Head of Trading**
 - trading manager at AHL (1992-1998)
 - 6 years with the company
- **Dr Paul Netherwood / Head of Research**
 - trading & risk management development at AHL (1993-1996)
 - 11 years with the company
- **Alan Goulding / Head of Technology**
 - trading & risk management development at AHL (1993-1996)
 - 10 years with the company



TIMELINE

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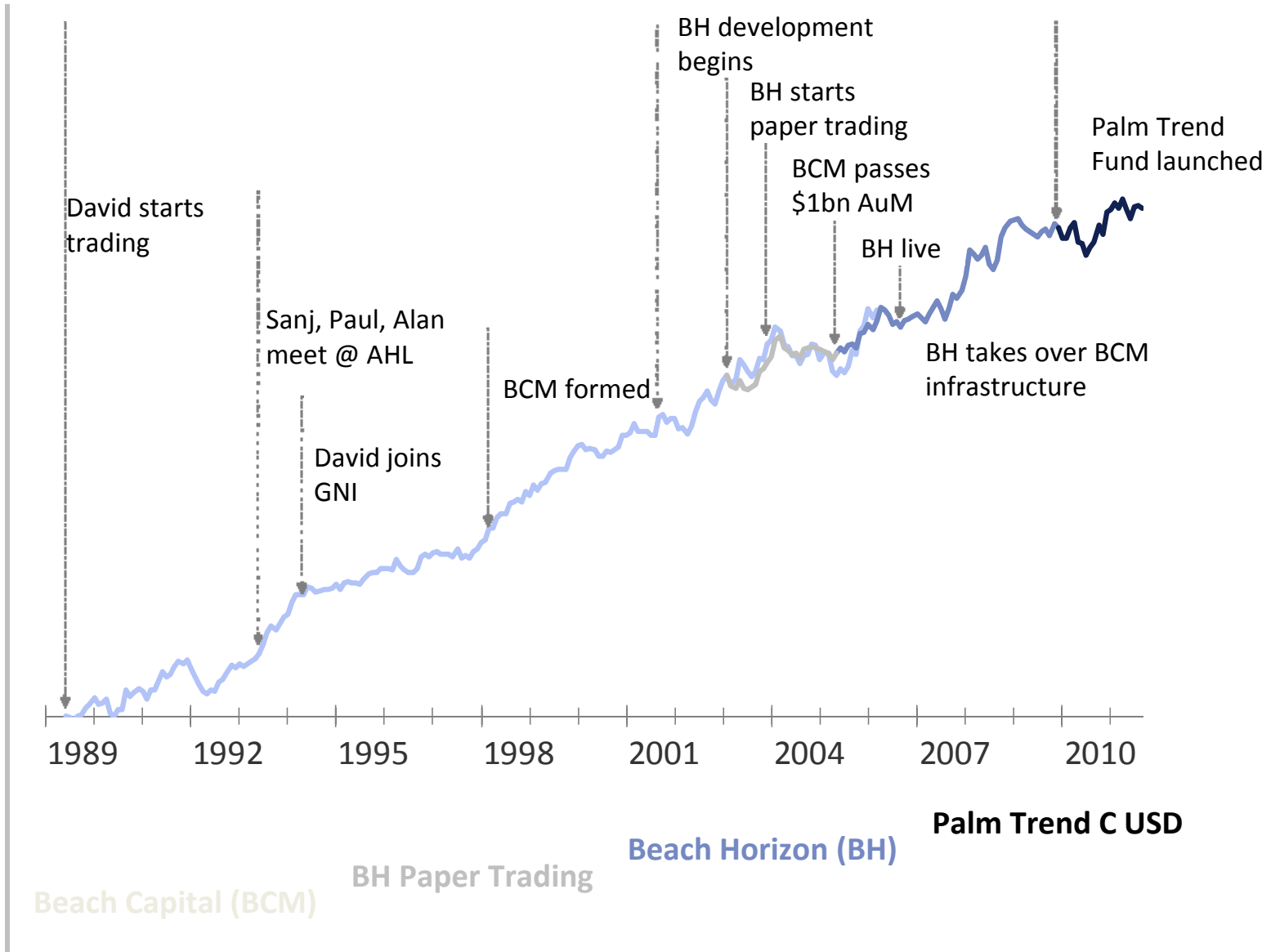
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- participates in the systematic, managed futures program of Beach Horizon (trading advisor)
- trend following, long/short with no bias
- optimized risk/return characteristics due to leverage through notional funding of 1.5x
- highly diversified with consistent & reasonable allocation to commodities (~60%)
- holding period of 60-90 days on average
- model continuously adjusting to rebalance risk

COMMODITY BIAS

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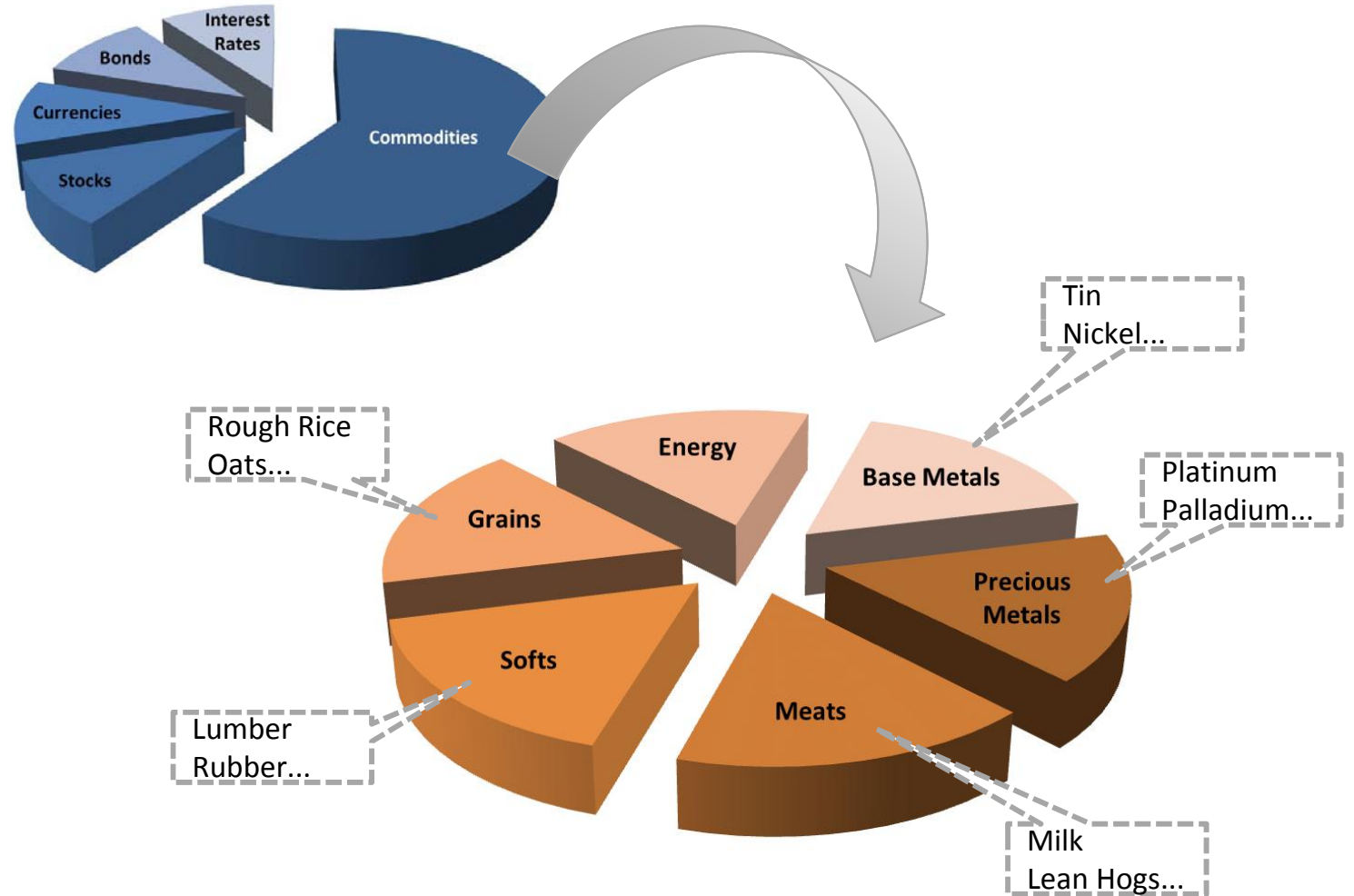
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non-conventional markets play an important role in diversifying

OTHER KEY FEATURES

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- model continuously adjusts positions to rebalance risk / inter market correlation
- avoids concentration of risk by not over or under allocating to winners/losers
- no individual sector is favoured over another
- bespoke execution system

CONSIDERABLE OUTPERFORMANCE

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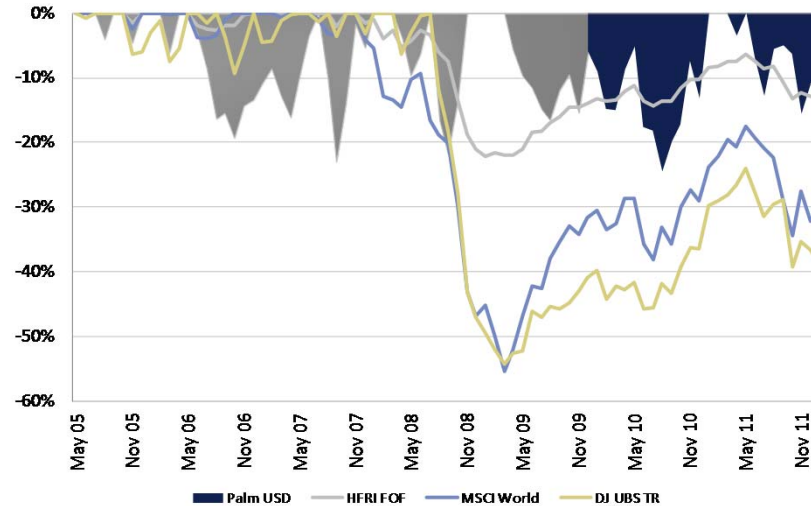
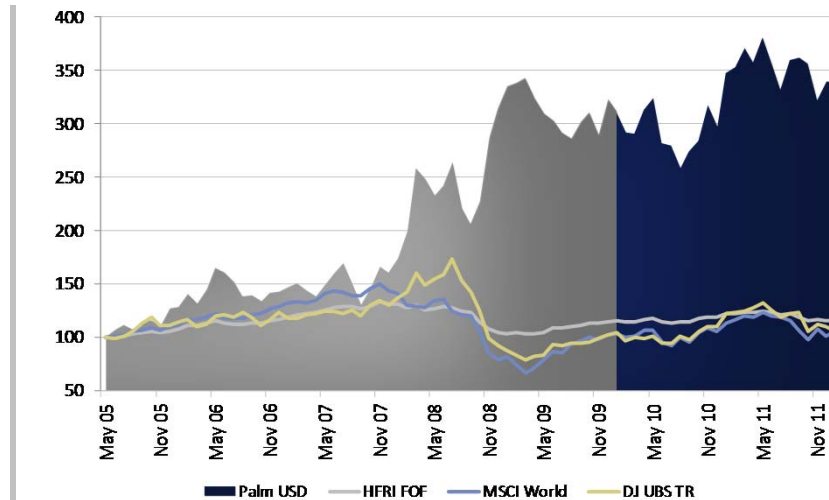
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Returns until December 3, 2009 are simulated results based on the actual USD performance of the Fund's trading advisor with pro-forma adjustments made for the Fund's fee and notional funding . As such, such returns do not represent actual returns of the Fund during that period. No representation is being made that the Fund will or is likely to achieve profits or losses similar to those shown.

PERFORMANCE ANALYTICS since April 2005

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	Palm USD	HFRI FOF	MSCI World	DJ UBS TR
year 2011	(2.6%)	(5.4%)	(7.6%)	(13.3%)
year 2010	11.8%	5.7%	9.6%	16.8%
annualized return	20.1%	2.2%	0.8%	0.8%
largest monthly return	30.0%	3.3%	10.9%	13.0%
largest monthly loss	(16.6%)	(6.5%)	(19.0%)	(21.3%)
maximum drawdown	(24.6%)	(22.2%)	(55.4%)	(54.3%)
maximum drawdown (no. of months)	17	14	16	8
standard deviation	29.3%	6.3%	18.3%	20.2%
sortino (0%)	1.20	0.45	0.06	0.06
calmar	0.82	0.10	0.01	0.02
correlation		0.14	-0.08	0.20
beta		0.64	-0.13	0.29
1 year returns	(2.6%)	(5.4%)	(7.6%)	(13.3%)
since inception	239.1%	15.4%	5.2%	5.8%
3 years returns	1.1%	11.5%	28.5%	20.4%
5 years returns	130.4%	(3.3%)	(20.3%)	(9.9%)
1 year returns p.a.	(2.6%)	(5.4%)	(7.6%)	(13.3%)
3 years returns p.a.	0.4%	3.7%	8.7%	6.4%
5 years returns p.a.	18.2%	(0.7%)	(4.4%)	(2.1%)

as of end December 2011

managed futures are not and should not be viewed as a portfolio hedge, but rather as a source of liquid transparent return that is uncorrelated to traditional or other alternative investments.

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LINE CHART COMPARISONS

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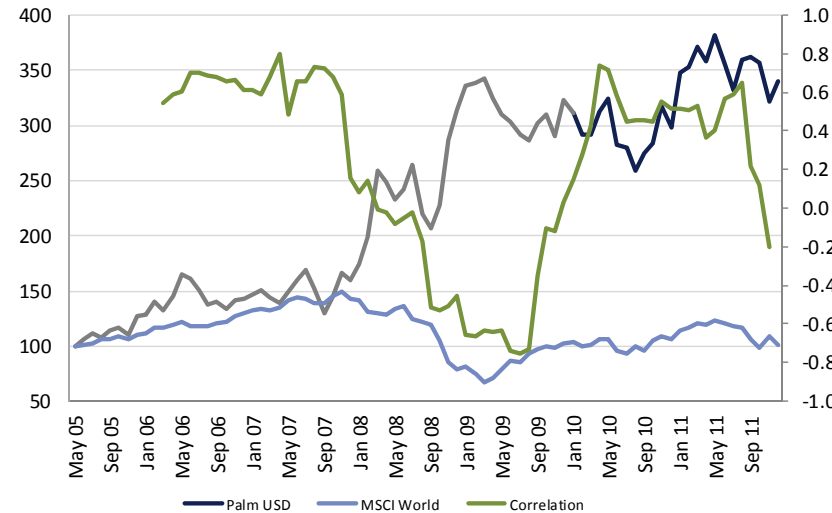
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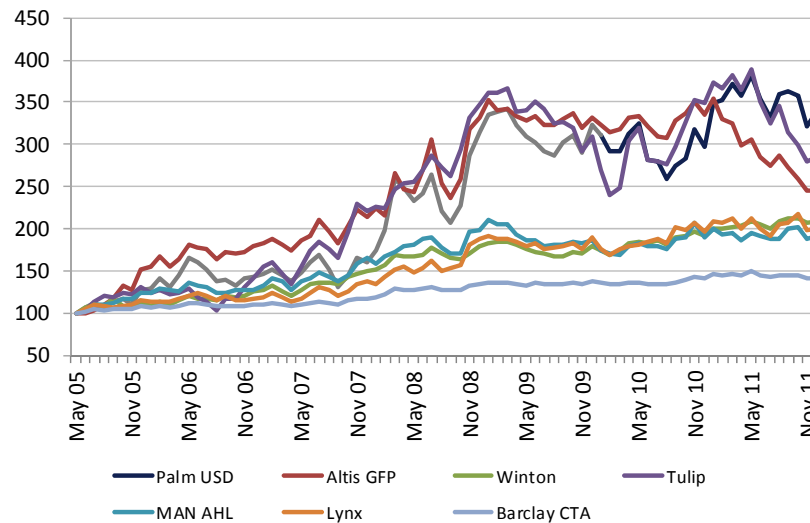
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12 Month Rolling Correlation



Peer Group Comparison

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RISK MANAGEMENT

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many different aspects have to be covered



CRUCIAL QUESTIONS

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high volatility!	→	allows high returns	✓
frequent draw downs!	→	quick recoveries	✓
use of leverage!	→	cash efficient portfolio management	✓
breaks in trends cause losses!	→	as with other asset categories	✓
no trends make it difficult to earn money!	→	but you keep the flexibility (liquidity)	✓
danger of «fire sales» & «crowded trades»!	→	active risk manag. & mkt screening	✓

this list is not exhaustive

FACTS AND FIGURES

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	Palm Trend Fund Ltd
subject	Systematic Trading Strategy
product	Single Strategy
target return	> 20%
expected volatility	~ 25%
domicile	Cayman Islands
subscription	monthly +2 days
redemption	monthly +2 days
currencies	USD, EUR, CHF, JPY, GBP, AUD
min. investment	institutional : USD 1m private : USD 25'000
reporting	monthly/weekly
management fee (on trading level p.a.)	institutional : 2% private : 3%
performance fee (high watermark)	institutional : 20% private : 25%
fund AuM	USD 42m
strategy AuM	USD 784m

as of end December 2011

LAST BUT NOT LEAST

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- why Beach Horizon?
 - *research*, not sales driven
 - exclusive *focus* on core strategy
 - highly experienced & successful *team*
 - attractive *risk-adjusted* returns
 - substantial *commodities* allocation
- why Palm?
 - cash efficient due to *notional funding*
 - frequent & convenient *reporting*
 - favorable *correlation* characteristics
 - **6** different *currency classes* (USD, EUR, CHF, GBP, JPY, AUD)
 - *institutional & private* share classes

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performance

Please find below the unaudited and provisional NAV estimates for shares in Palm Trend Fund Ltd. as of 2011/12/09:

CLASS	NAV	MTD	YTD	CARR	VOLA	SORTINO	CORREL	FACT SHEET	DATA	SUBSCRIBE
PALM A EUR	1009.63E	+0.14%	-2.65%	19.72% p.a.	30.00%	1.15	-0.15			
PALM C USD	1021.86E	+0.14%	-2.19%	20.38% p.a.	29.49%	1.21	-0.14			
PALM E JPY	1029.53E	+0.14%	-1.20%	17.53% p.a.	28.83%	1.04	-0.13			
PALM G CHF	1013.63E	+0.14%	-2.45%	18.13% p.a.	29.41%	1.05	-0.15			
PALM I GBP	1013.59E	+0.14%	-2.82%	21.41% p.a.	30.04%	1.26	-0.16			
PALM K AUD	1064.48E	+0.13%	+2.07%	22.96% p.a.	30.16%	1.36	-0.15			
PALM B EUR	979.75E	+0.10%	-4.09%	17.07% p.a.	29.40%	1.00	-0.15			
PALM D USD	988.15E	+0.10%	-4.01%	17.64% p.a.	28.92%	1.05	-0.14			
PALM F JPY	992.42E	+0.10%	-3.19%	14.81% p.a.	28.24%	0.88	-0.13			
PALM H CHF	983.00E	+0.10%	-3.94%	15.51% p.a.	28.78%	0.90	-0.15			
PALM J GBP	973.84E	+0.10%	-4.59%	18.52% p.a.	29.36%	1.10	-0.15			
PALM L AUD	1023.37E	+0.10%	-0.42%	20.07% p.a.	29.70%	1.18	-0.15			

PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RETURNS.
THE VALUE OF YOUR INVESTMENT MAY GO UP OR DOWN.

monthly sheet

historic returns (xls)

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