Orvent

AUGUST 2011

RETURN AND KEY FIGURES

Return (after management and performance fees)	Orvent (USD)[1]	MSCI All Country Asia Pacific NDTR Index (local currency)	HFRI Event Driven Index (USD)	US 3-month Treasury bill (USD)
August 2011, %	0.19	−8.05	−3.71	0.00
Year to date 2011 (31 December 2010–31 August, 2011), %	−5.82	−11.12	−0.92	0.05
Last 12 months, %	–	–	–	–
Since inception (1 January 2011), %	−5.82	−11.12	−0.92	0.05
Average annual return since inception, %	–	–	–	–
Risk ratios and other key figures [2]				
Standard deviation, %	–	–	–	–
Downside risk, %	–	–	–	–
Sharpe ratio	–	–	–	–
Correlation with MSCI Asia Index	–	–	–	–
Hard-to-Value Assets [3]				
Gross market value/NAV [4], %	–			

CONCENTRATION AND KEY FIGURES (AT 31 AUGUST, 2011)

Concentration	Long positions	Short positions	Total
Number	69	69	138
Percentage of NAV, %	77.85	−76.18	154.03
Average position, %	1.13	−1.10	1.34
Top five position, %	17.75	−26.31	44.29
Top ten position, %	28.95	−36.66	67.09

Other key figures	
Max Drawdown, %	−6.37
Time To Recover, number of months	At least 3
Longest Time to New ATH, number of months	At least 9
Positive Months, %	–

CONTRIBUTION, % (FOR MONTH OF AUGUST, 2011)

	Merger arbitrage	Earnings surprises	Capital structure	NAV discrepancy	Balance sheet	Index changes	Total
Australia	−0.38	−0.12	0.06	–	−0.67	0.01	−1.11
China	0.05	−0.05	0.43	−0.03	0.03	−0.03	0.41
Hong Kong	–	0.04	−0.01	0.83	−0.17	0.05	0.74
Indonesia	−0.25	–	–	0.13	–	–	−0.12
India	0.26	–	0.06	–	–	–	0.32
Japan	−0.02	0.59	–	–	–	–	0.58
Malaysia	−0.63	–	–	–	–	0.08	−0.55
New Zealand	–	–	–	−0.10	–	–	−0.10
Philippines	–	–	–	–	–	–	–
Singapore	–	0.04	–	−0.10	0.12	–	0.07
Korea	–	–	−0.17	–	–	–	−0.17
Thailand	–	–	0.06	–	–	–	0.06
Taiwan	–	0.04	0.03	–	–	–	0.06
Other	–	–	–	–	–	–	–
Total	−0.97	0.54	0.46	0.73	−0.69	0.11	0.19

CURRENT GROSS EXPOSURE[5], % (AT 31 AUGUST, 2011)

	Merger arbitrage	Earnings surprises	Capital structure	NAV discrepancy	Balance sheet	Index changes	Total
Australia	13.12	7.83	–	–	12.26	–	33.21
China	1.49	4.26	–	0.48	0.01	0.12	6.36
Hong Kong	–	3.04	0.45	13.47	1.51	–	18.47
Indonesia	0.64	–	–	2.05	–	–	2.69
India	3.23	–	0.22	–	–	–	3.45
Japan	–	2.78	–	–	–	–	2.78
Malaysia	3.12	–	–	–	–	–	3.12
New Zealand	–	–	–	0.90	–	–	0.90
Philippines	–	–	–	–	–	–	–
Singapore	–	0.34	–	4.49	0.43	–	5.26
Korea	–	–	4.49	–	–	–	4.49
Thailand	–	–	1.92	–	–	–	1.92
Taiwan	–	0.21	17.15	–	–	–	17.36
Other	–	–	–	–	–	–	–
Total	21.60	18.46	24.23	21.38	14.21	0.12	100.00

MONTHLY RETURN[1] (SINCE INCEPTION AFTER MANAGEMENT AND PERFORMANCE FEES)

Year	Return full year, %	NAV USD m	% Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2011/08/31	−5.82	130.9	−0.98	0.47	−1.81	−0.86	−0.38	−2.96	0.39	0.19				

MONTHLY REVIEW

The Orvent Fund returned 0.19% for the month of August. The Earnings Surprise and NAV Discrepancy sub-strategies were the main contributors to performance. The largest single situations that had a positive contribution to return were i) the Melco stub (200 HK vs MPEL US) following news of a potential dual HK listing, ii) the Japanese earnings season, and iii) the China Merchants Bank A/H spread (3968 HK vs 600036 CH). The largest negative contributors were i) Latexx Partners followings its unsuccessful merger attempt with YTY Corp (LTX MK) and ii) Bandana's (BND AU) unsuccessful auction process and subsequent capital raising.

There were no significant changes to exposure within the sub-strategies. However the biggest changes in exposure to individual situations were increases in the Japanese and Hong Kong earnings seasons trades while the biggest decreases were in the Melco stub (200 HK vs MPEL US), the Jardine Matheson stub (JM SP vs JS SP), and the unwinding of the merger situation in Allgreeen Properties (AG SP).

Looking forward, the manager is slowly starting to find value in the merger space – the frequency of new deals has recently started to increase, and completion rates and spreads have slightly improved in the safer end of the merger universe. The manager is still cautious on the less transparent end of the merger universe and cash deals with significant downside or market exposure. Exposure to sub-strategies where there is a long volatility bias such as Capital Structure and NAV Discrepancy will continue to remain high.

1) Refers to unit-holder with investments in the Fund since inception. 2) Risk ratios and other key figures for the Orvent fund are not meaningful due to the fund's short history. 3) Securities for which no market pricing information is available, e.g. some unlisted/private equity, or model priced instruments for which no industry standard software models are available, e.g. complex, structured, one-off contracts. 4) Net Asset Value. 5) As % of portfolio gross.

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EXECUTIVE SUMMARY

Strategy	Event driven, market neutral investment style that seeks to exploit the mispricing of equity securities of companies involved in corporate events within the Asia-Pacific region (including Japan and Australia)
Goal	Low correlation to broader Asia-Pacific market and peer indices, a high degree of liquidity, a low concentration of single names, sectors or regions, a focus on downside protection and a strong overlay of risk controls
Targets	Net return: 13% to 17% p.a. Volatility: 6% to 8%
Management team	1 CIO, 2 portfolio managers, 1 Operations Manager
Investor and owner	Brummer & Partners, a leading Nordic hedge fund group

WHY INVEST IN ORVENT?

- The team has 30+ years of combined investment experience at both proprietary desks and hedge funds.
- The team possesses diverse experience and backgrounds across special situations investing; these skills are often complementary, enabling individuals to subject trades to peer review and helping reveal less obvious sources of alpha and risk.
- The team applies a strong quantitative approach to idea screening, analysis, portfolio construction and downside protection.
- The portfolio includes a blend of strategies which generally have low correlation to markets and additionally low correlations amongst themselves. These include mergers and acquisitions, equity structure arbitrage, NAV discrepancies, earnings surprises, index changes and balance sheet initiatives primarily in equities.
- The Asia-Pacific universe of event opportunities is large, enables a complementary blend of risk/reward profiles, and has unique cultural characteristics that benefits the experienced manager.

RISK MANAGEMENT

- Risk models attempt to limit drawdown risk for any 1 idea to 50bp of performance
- Drawdown risk is a key driver of portfolio construction
- Accurate measurement and maintenance of market neutrality via beta adjustments
- Hedging occurs at both idea and portfolio level – providing minimal macro risk at country, sub strategy, and idea levels
- FX risk is hedged

PORTFOLIO MANAGERS

Scott Collison, Chief Investment Officer

Scott Collison is the Chief Investment Officer of the Orvent fund and has ultimate responsibility for managing the fund. Scott has over 20 years of experience in the financial markets, including over 16 years experience in asset management. Previously, Scott was the sole Portfolio Manager of an internal fund at Millennium Partners in Singapore which focused on Asian equity event driven and arbitrage strategies. Prior to Millennium, he was the sole Portfolio Manager of the Rubicon Asia Special Events Fund. Scott was also previously employed as a Director at Credit Suisse First Boston (CSFB) for a number of years.

Ashley Durante, Portfolio Manager

Ashley Durante is a Portfolio Manager for the Orvent fund. Ashley has over a decade of financial markets experience including more than eight years experience in both trading and researching event driven strategies. Previously, Ashley was a Fund Manager at Pengana Capital where he co-managed the Pengana Asia Special Events Fund. Ashley has also held a portfolio management role for the Osmium Special Situations Fund, a global event driven fund based out of Bermuda. There, Ashley traded event-driven strategies globally, including merger/risk arbitrage, warrant and rights arbitrage, index additions/deletions, IPOs and secondary offerings, equity share class trades and non-fungible ADR trades. He also spent over four years at Carrousel Capital based in London, focusing on global equity event driven arbitrage.

Tony Wolfe, Portfolio Manager

Tony Wolfe is a Portfolio Manager for the Orvent fund. Tony has over nine years experience in the financial markets with over six years trading and researching event driven and special situations strategies throughout the Asia-Pacific markets. Previously, Tony was a Principle and Fund Manager at Pase Asset Management where he co-managed the Pengana Asia Special Events Fund. Tony also spent four years with Rubicon Asset Management in Sydney where he was responsible for researching and trading both Australian and Asia-Pacific event driven portfolios. Prior to this, Tony worked for a number of years for State Street Bank in Sydney.

PRODUCT STRUCTURE

Management fee	1% p.a.
Performance fee	20% over hurdle rate (high watermark)
Liquidity	Monthly subscriptions and redemptions (5 banking days notice)
Minimum investment	USD 100,000, EUR 100,000, SEK 1,000,000
Depositary	HSBC Institutional Trust Services
Auditor	KPMG
Inception date	1 January 2011

TYPICAL PORTFOLIO METRICS

Number of positions	60 to 80
Gross exposure, % NAV	120% to 180%
Beta adjusted net exposure, % NAV	-5% to 10%

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