Global Currency Management

Performance Report August 2011

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GCM

GCM Currency Alpha Strategy

August 2011:	**-1.46%**	**YTD:**	**-2.06%**

COMMENTARY

The month of August was very difficult from a currency management perspective. There was a meltdown in global confidence, stocks declined as did bond yields to record lows. Currency markets did, however, not follow suit. Usually, in times like these, currency markets reflect risk aversion and there is buying of US-dollars and selling of high yielding and commodity currencies but this was not the case in August. Another confusing factor was the continued strength of the Euro currency in spite of all the negative European news that kept accumulating. We believe that the fact that August is a vacation month in Europe and that markets were still hurting from the US downgrade and political debacle postponed the inevitable crash of the common European currency particularly against the US-dollar.

Thus our performance was a negative -1.46% in August and the y-t-d stands a dismal -2.06.

We believe, however, that markets will start to respond to weaker asset markets and prospects of a Greek default in September. Signs of this can be seen already in early September. We believe that the US-dollar has turned a corner and will start to strengthen from here. Actions by the Swiss and Japanese authorities are likely to speed up this process.

MONTHLY PERFORMANCE (%) ex interest and fees (3x leverage)

Note: From Feb 2008 the performance is composite

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2006								-2.80	0.26	-1.46	0.90	0.12	- 2.99
2007	0.17	0.93	0.94	0.17	0.04	-0.40	0.64	2.45	1.55	1.83	2.65	0.38	11.33
2008	2.60	0.78	-3.08	-1.10	-1.04	1.84	1.20	2.67	1.16	2.42	0.98	-0.38	8.05
2009	3.05	-1.24	-2.73	-1.07	-0.54	-0.39	-0.73	0.46	0.31	0.36	-0.21	0.47	-2.26
2010	1.11	1.05	-0.34	-2.13	2.68	-1.42	0.94	0.11	-0.55	-1.64	0.50	-0.97	-0.66
2011	-0.47	-0.68	-0.37	0.05	-0.55	0.08	1.28	-1.46					-2.06

Source: Global Currency Management Gmbh

PERFORMANCE: 01/08/06 to 30/07/10

Return for the period	**11.51%**
Annual Vol	**4.82**
Sharpe Ratio	**0.47**
Sortino Ratio	**0.47**
Worst Month	**-3.08**
Best Month	**3.05**
Rolling 12mth	**-4.72**

TERMS

Min Account Size	**$1,000,000**
Leverage	**3 - 7 times**
Liquidity	**Daily**
Management Fee	**2%**
Performance Fee	**20%**
High Watermark	**Yes**
Managed Accounts only	

THE INVESTMENT MANAGER

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INVESTMENT STRATEGY

The GCM Currency Alpha Strategy aims to generate high total returns that are not correlated with the returns of other asset classes. This strategy invests in four major currencies (EUR,USD,GBP,YEN) and three commodity currencies (AUD$,NZD$,CAD$) and their crosses. This strategy uses spot and forward contracts only, no options. Commodity currency exposure is limited to a maximum of 20% of total risk limit.

The strategy is discretionary in nature as opposed to systematic. A global "macro view" is developed in-house, researching a range of asset classes, such as stocks, bonds and commodities. This "macro view" is then expressed in a specific currency by currency exposure. The Yen plays a vital role in our portfolio. The exact timing of market entry is determined by in-house technical analysis and modeling of recent intra-day trading ranges, with the aim of generating pivot points. When these are breached, momentum is expected to increase in the direction of the breach.

Risk management is at the core of the strategy. Every open position is at all times covered by a live market stop-loss order. In times of challenging markets, exposure is reduced to avoid large draw-downs.