

AUSTRALIAN

# RESEARCH

MANAGED INVESTMENTS ANALYSIS

## Super Alpha Fund 1

December 2008

Alternative investment fund utilising managed futures  
and market-neutral strategies

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# Australian Managed Investments

Hedge Funds

## Super Alpha Fund 1

Alternative investment fund utilising managed futures and market-neutral strategies

**Note:** This report is based on the Super Alpha Fund 1 PDS, dated **3 November 2008**, together with other information provided by SuperAlphaFund Financial Pty Ltd as at November 2008.



### Offer Overview

#### Product Summary

Super Alpha Fund 1 (the *Fund*) is to be issued by Columbus Investment Services Limited (the *Responsible Entity (RE)*) and will be managed by Superfund Financial (Hong Kong) Limited (*Superfund HK or the Manager*). Funds raised will be invested into AUD shares of the Master Fund (Superfund White SPC), which will allocate funds raised to four underlying investment funds managed by the Superfund Group, which in turn actively invests in an array of financial and commodity markets through futures contracts and equities. The underlying investment funds utilise a fully automated approach to investing, with a combination of trend and market-neutral investment strategies. Trading decisions are based purely on technical indicators. Returns will largely be capital based, with the potential for a distribution to be paid on an annual basis. Based on back-tested performance, the Fund has generated strong returns. The Fund offers weekly redemptions, subject to the availability of liquidity.

### Investment View

#### Investor Suitability

An investment in the Fund is suitable for those investors seeking an alternative investment to make up a small portion of a diversified portfolio. The Fund offers an investment strategy with returns that offer a low correlation to those of traditional asset classes and as such provides diversification benefits to an investment portfolio. Investors should note that the underlying investment is futures contracts, which are a high-risk investment. As such, investors should be aware of the risks associated with an investment in this asset. As the Fund offers a weekly liquidity facility, investors frequently have the opportunity to exit the Fund, subject to the continued acceptance of redemption requests by the Manager and/or RE. The Fund is structured as a trust, and as such all tax benefits/obligations will be passed through to investors. Investors should be confident in the Manager's ability to generate desired returns. Aegis notes that the Superfund Group has a 12-year track record, during which time the investment funds using the trading strategies have generated strong returns. As we expect returns to be largely capital based, investors should not be seeking an investment that offers regular income.

#### Recommendation

Aegis has assigned Super Alpha Fund 1 with a **Recommended** rating. We reiterate that the underlying investment is futures contracts, which are a high-risk investment. Furthermore, the trading strategies are based on proprietary trading systems and as such can only be assessed by reviewing the Manager's track record.

### Offer Details

Offer Period	Open ended
Listing Date	Not listed
Maturity (years)	Open ended
Min. Investment	\$10,000
Liquidity	Weekly
Distributions	Annual

### Risk/Return Profile



### Fees (paid to advisors), incl. GST, %

Upfront	Up to 3.0
Ongoing	Up to 0.43 p.a.

Note: The above represent the maximum advisor fees payable by investors. Actual fee levels are subject to negotiation between investors and advisors.

**The investment opinion in this report is current as at the date of publication. Investors and advisers should be aware that over time the circumstances of the issuer and/or product may change which may affect our investment opinion.**

## SWOT Summary

### Strengths

- Superfund Group has a proven track record in managing alternative investment strategies. The Group was established in 1995, and since inception in 1996 the flagship fund (Superfund Q-AG) has generated consistently strong returns.
- Back-tested performance of the Fund is strong, with the Fund generating an annualised return of 18.9% from July 2007 to October 2008, significantly outperforming equity markets and the Fund's peers. We note that the Fund has performed strongly over this period due to the strong downward trend experienced by the market.
- The Fund aims to provide good liquidity with a weekly redemption facility.
- The use of a portfolio of strategies that have a low correlation to each other reduces the volatility of the Fund.
- The underlying investment funds utilise stop-loss orders to reduce the downside risk of an investment.

### Weaknesses

- Performance fees are on the high side. This is driven primarily by Superfund Blue, which is eligible for a performance fee of 40% of the increase in NAV.

### Opportunities

- Provides the opportunity to generate positive returns in both rising and falling markets and take advantage of strong market trends.
- Provides the opportunity to access the sophisticated trading systems of the Superfund Group.

### Threats

- The process is fully automated and as such there is the possibility that the trading methodologies are no longer relevant given changes to the market dynamics. We note that the task of the Investment Advisors and the research and development teams is to monitor and adjust trading methodologies when required.
- The Fund is expected to perform strongly in markets that exhibit strong trends; however, it will likely experience weak returns in flat markets.
- The system may experience outages that adversely affect the performance of the Fund. We note the Superfund Group has extensive back-up systems in the event the system falters.
- Leverage is implicit in futures contracts and is used in the market-neutral strategy. This will magnify both gains and losses.
- Lack of transparency with the trading systems.

### Product Fees (paid by investors)

	Product	Sector Avg. <sup>1</sup>
<b>Base Fees, % of Assets</b>		
Upfront <sup>2</sup>	3.0	2.0
Ongoing <sup>3</sup>	2.43	2.3
Exit <sup>4</sup>	0.0	0.1

1. Based on managed futures funds with more than or equal to \$1B FUM (sourced from Bloomberg).

2. Assumes maximum advisor commission. Actual commissions may be less.

3. Includes the ongoing management fee and the distribution fee payable to advisors.

4. An exit fee of 2.0% will be charged for redemptions within the first year of the units being issued, and 0% after that.

### Total Fees, % of Expected Total Return\*

Upfront**	6.0	4.0
Ongoing***	44.7	40.0
Exit	0.0	0.2
<b>Total</b>	<b>50.7</b>	<b>44.2</b>

\* Based on an average return of 10% p.a. over a 5-year term

\*\* Assumes maximum advisor fees.

\*\*\* Includes performance fees.

### Performance Fees

The underlying funds are eligible for performance fees of varying amounts. The Manager has provided an indicative performance fee charge of 27% of an increase in NAV, given the initial target allocation and based on the assumption that the Funds generate the same level of returns. Payment of performance fees is subject to a high watermark. Note this figure is indicative only and may change given a change to the allocations or the addition of a new fund.

### Product Costs

Indirect costs include brokerage fees and interest costs on the leverage used by Superfund Blue. We note that brokerage costs are factored into the share prices of the underlying investment funds.

### Fee Commentary

The fees for the Fund are in line with the sector average, with the exception of the incentive fee, which is on the high side compared to the sector.

## Portfolio Diversification

### By Target Allocation



## 2. Structure

### Product Overview

The Fund is an unlisted unit trust issued by Columbus Investment Services Limited (RE) and will be managed by Superfund HK Financial Limited. Superfund HK is a member of the Superfund Group (see Section 3).

An investment in the Fund will be primarily (75%) invested in the Master Fund (Superfund White), with 25% of funds invested in cash securities (term deposits and bank bills). The Master Fund is simply a holding vehicle and no fees are charged at the Master Fund level. The Master Fund will in turn invest in four underlying alternative investment strategies managed by the Super Fund Group (see Section 4 for a detailed discussion of the underlying strategies). To reduce volatility the Fund invests a portion of funds raised into cash securities.

The initial target allocation as outlined in the chart below may vary depending on a range of factors, as determined by the Manager. If deemed compatible (i.e. low correlation to other investment funds), the Fund has the ability to invest in other strategies managed by the Super Fund Group.

Foreign currency exposure will be hedged on a rolling basis with hedging contracts expected to be rebalanced on a monthly basis.

Due to the nature of the investment, the Fund will generate primarily capital-based returns, with the potential for annual distributions. On around 30 June each year, subject to the unit value increasing, distributions will be satisfied by the redemption of all or a portion of the units in the Master Fund. While investors may elect to reinvest distributions, distributions will be automatically reinvested if investors do not indicate their preferred method of receipt of the distribution.

The Fund offers a weekly redemption facility. An exit fee of 2% will be incurred for withdrawals within 12 months of the initial issue of units. There will be no exit fee beyond this point.

### Key Exposure

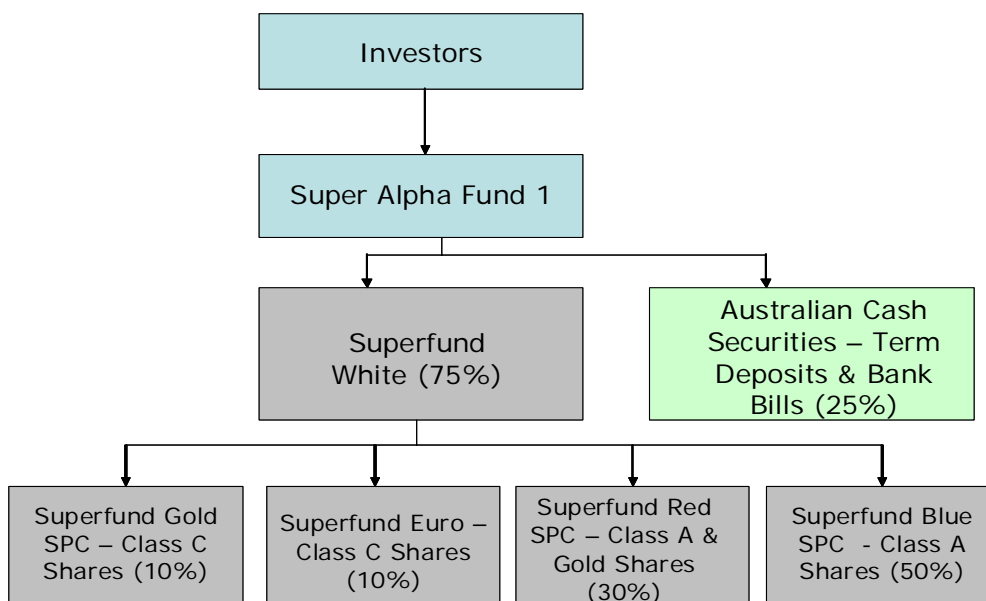
Underlying Exposure:	Portfolio of four alternative investment funds.
FX Exposure:	Fully hedged, with hedging contracts rebalanced on a monthly basis or as required. Will be hedged for a period of between one and six months.

### Exit Details

Exit Facility:	A weekly redemption facility will be available. Redemption payments will generally be paid within seven business days after the relevant valuation date. Redemptions may be suspended at the discretion of the RE. See Section 9 of the PDS for a detailed outline of circumstances in which redemptions may be suspended.
Issuer Early Redemption:	In the event the Fund ceases to exist, investors will be eligible for all monies remaining after the payment of creditors and all other expenses.

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### Investment Structure



### Product Leverage

Used:	Leverage may be implicit in the futures contracts. In addition, Superfund Blue SPC has the ability to leverage investments up to 500% of the Fund's NAV. The typical range of leverage used is 100%-150%, with the maximum amount used thus far being 300%.
Cost (incl. Fees):	The maximum cost of leverage incurred thus far is LIBOR + 1.50%. It should be noted that this figure is not fixed and as such the cost of leverage may be greater.
Recourse:	Limited to Superfund Blue.

### Capital Protection

Method:	None.
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### Tax

Disclaimer:	Tax consequences depend on individual circumstances. Investors must seek their own taxation advice. The following comments show Aegis' expectation of tax for ordinary Australian taxpayers, but cannot be considered tax advice.
Capital gains:	A capital gains tax ( <i>CGT</i> ) event may apply upon sale of the securities. If held for more than 12 months, investors will likely be eligible for the 50% CGT discount upon sale of the shares.
Distributions:	On income account in the year earned. Distributions will be unfranked; however, investors may be eligible to claim a credit for tax purposes for income generated from sources outside Australia.
Foreign Income Fund ( <i>FIF</i> ):	The Fund may be subject to the FIF regime. The Manager will seek to ensure that the Fund does not hold an interest in a FIF at year end and that investors are not subject to FIF rules.

### Legal Structure

Wrapper:	Unlisted unit trust
Responsible Entity:	Columbus Investment Services Limited
Custodian:	Australian Executor Trustee Limited
Offer Document:	An in-use notice for the PDS, dated 3 November 2008, has been lodged with the Australian Securities Investment Commission ( <i>ASIC</i> ) as required by the <i>Corporations Act 2001</i> .

### Returns

Capital vs. Income:	Returns will largely be capital based.
Distribution Frequency:	Annually
Foreign Currency Risk:	Foreign currency exposure will be fully hedged. Hedges will be rebalanced on a monthly basis and as such investors are subject to reset/rebalancing risk.

### Investor Leverage

Available:	n/a
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### Risks

Counterparty Risk:	Refer to the Risks section of the PDS. The Fund may be exposed to losses as a result of counterparties defaulting on their obligations to the Fund, the Master Fund or the underlying investment funds.
Withdrawal Risk:	The ability of the Fund to redeem its investments in the Master Fund is dependent on the Master Fund selling its holdings in the underlying investment funds, which may be subject to delays and suspension.
Investment Advisor Dependence:	The Master Fund is reliant on the Investment Advisor selecting appropriate allocations to the underlying investment funds.
Systematic Trading Risk:	The underlying investment funds use fully automated trading systems to issue trade orders. A failure of these systems could block the intended entry and exit of positions, which could affect returns.
Investment in Gold:	The values of the gold-class shares are linked to movements in the gold price. As such, movements in the value of gold will significantly impact the returns of these strategies.

## 3. Management & Corporate Governance

### Superfund Group

The Superfund Group of investment companies (*Superfund Group*) was founded in Vienna, Austria in 1995. The group comprises a number of affiliated investment companies that collectively provide management, trading advisory and sales and marketing services for the funds. The Superfund Group currently operates in 18 countries and employs in excess of 430 people worldwide. As at 30 June 2008, the Superfund Group has approximately USD\$1.4B assets under management (AUM).

Superfund Q-AG, the flagship Superfund fund, was established in March 1996. Since inception to November-end 2008, Q-AG has generated returns of 18.50% p.a. Q-AG has a medium- to long-term investment strategy. In addition to the flagship fund, the Superfund Group has introduced a number of other strategies, most of which have been incorporated into the Fund.

### Superfund Financial (Hong Kong) Limited

Superfund HK is a member of the Superfund Group and was incorporated in 2001. Superfund HK is engaged primarily in the promotion of Superfund Group funds and the provision of fund administration services in the Asia Pacific region.

### SuperAlphaFund Financial Pty Ltd

SuperAlphaFund Financial is a member of the Superfund Group and is currently the Australian representative of Superfund HK. SuperAlphaFund Financial was established in 2007 and has applied for an ASFL licence, which is expected to be granted in early 2009.

### Board of Directors

While there is no overarching Board of Directors for the Superfund Group, each of the underlying investment funds has appointed two directors, as required by Cayman Island Monetary Authority. At least one of the two directors appointed is independent.

### Investment Advisors

Each of the underlying investment funds, including the Master Fund, has an allocated Investment Advisor that is responsible for monitoring systems, allocations and ultimately the performance of the Fund, subject to the control of the Board of Directors. With the exception of the Master Fund Investment Advisor, the Investment Advisors for the four underlying investment funds do not make any trading decisions. Trading decisions are fully automated. The Investment Advisor for the Master Fund (Super Fund Invest Inc.) is responsible for determining the allocation to each of the underlying investment funds. The Investment Advisors of the underlying investment funds work in conjunction with the research and development teams to determine and monitor the allocations.

There are four research and development teams, which comprise 35 people in total, and are responsible for monitoring the effectiveness and efficiency of the systems and the trading methodologies. The teams are separated so they cannot liaise with each other.

### Alignment of Interest

Given the performance fees for which the underlying investment funds are eligible, Aegis considers the alignment of interest to be strong.

### Compliance

The underlying investment funds fall within the definition of a "regulated mutual fund" under the Mutual Funds Law in the Cayman Islands, and are regulated under this law. The funds are subject to the supervision and regulation imposed by the Cayman Islands Monetary Authority. In addition, they are regulated by the futures markets in which the funds trade.

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## 4. Investment Process

### Investment Objective

The objective of the Fund is to generate returns over the medium term in both rising and falling markets. The Manager aims to achieve this objective by investing in four underlying funds managed by the Superfund Group, which in turn invest in financial and commodity sectors in over 100 markets worldwide. The underlying funds include: (1) Superfund Euro SPC; (2) Superfund Gold SPC; (3) Superfund Red SPC; and (4) Superfund Blue SPC. To reduce the Fund's volatility, the underlying investment funds have a low correlation to each other. In addition, to reduce volatility and for liquidity purposes, the Manager will invest up to 25% into cash securities.

To make investment decisions the Fund uses a fully automated process based on technical indicators, with no human involvement in any trading decisions. The reasoning behind this is to remove the emotion from investing and to maximise efficiency.

### Investment Process

As mentioned above, all underlying investment funds utilise a fully automated investment process. Human involvement is required only from the Investment Advisors, for the maintenance and monitoring of the trading methodologies; and from the Advisor of the Master Fund, to determine the allocations to the underlying investment funds. A range of technical indicators is used to determine the trends for trading decisions.

The underlying investment funds utilise one of two trading strategies (1) Market Neutral; or (2) Trending. The portfolio comprises four underlying strategies. The Investment Advisor of the Master Fund has the potential to incorporate additional strategies/funds if deemed compatible (i.e. has a low correlation to the other investment funds).

Superfund Euro SPC and Superfund Gold SPC have three share classes (A, B and C). Class A shares are the most conservative, while class C shares are the most aggressive. Class B shares lie between the two. The aggressive share class invests in a greater number of contracts and as such has a higher level of exposure to the underlying than that of the more conservative share classes (i.e. has a greater gain or loss than that of class A and B shares).

#### **Superfund Blue SPC – Market Neutral Strategy (50%)**

Superfund Blue employs a market-neutral long-short equity strategy. The Fund takes both long and short positions on shares listed on stock exchanges in Australia, Europe, Japan, the UK and the USA. The duration of trades by the Fund may vary from less than one day to more than a week. The average holding period is a few days. The Fund utilises index futures to hedge the risk associated with the long and short positions taken on individual stocks.

#### **Superfund Euro SPC – Trending (10%)**

Superfund Euro follows medium- to long-term trends in both financial and commodity futures markets around the world. The Fund will invest in class C shares, hence the small allocation to this fund. Positions may be held for a few days up to several months.

#### **Superfund Gold SPC – Trending (10%)**

Superfund Gold combines the Superfund Euro trading strategy with exposure to the value of gold. For every dollar allocated to the futures trading strategy the Fund will also create an equivalent exposure to gold futures. The objective of the Fund is to provide investors with exposure to the underlying trading strategy as well as linking the currency of the fund to the price of gold. As with Superfund Euro SPC, the Fund will invest in class C shares.

#### **Superfund Red SPC – Trending (30%)**

Superfund Red employs a short-term trading strategy, with trading decisions based on short-term trends. The average holding period for positions is a few days. Given the importance of liquidity in short-term trading strategies the Fund trades in larger and fewer markets than Superfund Euro. The Manager may invest in class A shares and Gold shares (which work in the same fashion as that described above for Superfund Gold).

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## Risk Management

In order to reduce volatility, the Fund invests in a portfolio of trading strategies that have a low correlation to each other. If the correlation of the underlying investment funds were to increase to moderate to high levels over the longer term, in an attempt to minimise the volatility in the Fund the Manager would seek to adjust the allocations.

The Fund limits a trade/position to a maximum of 1%–2% of the Fund's total assets. In addition, the Fund utilises stop-loss orders to provide an element of downside protection.

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## 5. Performance Analytics

Aegis has analysed the historical performance of the underlying investment funds and the back-tested performance of the Fund. The key findings include:

- Historically the underlying investment funds have generated strong returns; however, with the exception of Superfund Blue, volatility in the funds has been high, as evidenced by the low Sharpe ratios in Figure 1.
- The underlying investment funds have a low correlation to each other and with traditional asset classes, and as such provide an element of diversification to a portfolio.
- The back-tested performance of the Fund has generated strong returns. As Superfund Blue and Superfund Red Gold were only introduced in July 2007, the back-tested period is restricted to 16 months (July 2007 to October 2008). Over the period the Fund significantly outperformed equity markets, which generated negative returns, compared to an 18.9% return by the Fund. The significant outperformance of the Fund is due to the trend-following strategy of the underlying investment funds. Over the past 12 months, there has been a strong downward trend, which has enabled the Fund to generate strong returns. The Fund will perform at its strongest during periods of strong upward and downward trends; however, it is likely to experience weak returns in flat markets.
- The inclusion of strategies with a low correlation to each other has reduced the volatility in the Fund. With the exception of Superfund Blue, the volatility of the underlying investment funds was high (see Figure 1). Despite this, the volatility of the Fund was relatively low. We note that Superfund Blue makes up a significant portion (50%) of the Fund's initial allocation, which assists in reducing the Fund's volatility.
- The Fund is negatively correlated to traditional asset classes (see Figure 6). As such, the Fund would provide diversification benefits to an investment portfolio.

### Historical Performance of Underlying Investment Funds

Figure 1 illustrates the historical performance of the underlying investment funds since inception.

Figure 1. Historical Performance of Underlying Investment Funds to 30 October 2008

	<b>Euro C</b>	<b>Red</b>	<b>Red Gold</b>	<b>Gold C</b>	<b>Blue</b>
Inception	August 2004	August 2004	July 2007	September 2005	July 2007
Return since inception (% pa)	12.92	19.31	5.16	31.14	22.09
Std Dev (%)	44.50	30.66	29.95	54.37	10.07
Max Drawdown* (%)	38.71	33.01	22.33	53.51	1.85
Positive months (%)	56.0	66.0	60.0	59.46	73.33
Sharpe Ratio	0.16	0.43	-0.03	0.46	1.60

Note: 1) Given the Fund is fully hedged, figures are based on local currencies; however, investors are exposed to monthly rebalancing of the FX hedges; 2) Return figures are net of fees and expenses.

\*Max. drawdown is the largest negative change in the investment/asset during the historical/back-tested period.

Source: SuperAlphaFund Financial/Aegis Equities Research

One of the primary objectives of the Fund is to offer an investment that provides diversification benefits to a portfolio. Figure 2, below, illustrates the correlation of the underlying investment funds between one another and with selected traditional asset classes. The underlying investment funds have a low correlation to each other, which is imperative in order to keep volatility in the Fund to a minimum. Further, the underlying investment funds have a low correlation to traditional asset classes, which suggests that the investment class would provide diversification benefits to an investment portfolio.

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Figure 2. Correlation of Underlying Funds Against Traditional Asset Classes

	Euro C	Red	Red Gold	Gold C	Blue	Cash	Property	Aust. Equities	Int. Equities
<b>Euro C<sup>1</sup></b>	1.0								
<b>Red<sup>2</sup></b>	0.1	1.0							
<b>Red Gold<sup>3</sup></b>	0.1	0.7	1.0						
<b>Gold C<sup>4</sup></b>	0.9	0.0	0.3	1.0					
<b>Blue<sup>5</sup></b>	-0.3	0.4	0.1	-0.4	1.0				
<b>Cash<sup>6</sup></b>	-0.2	-0.3	-0.2	-0.1	0.0	1.0			
<b>Property<sup>7</sup></b>	-0.5	-0.4	-0.3	-0.5	-0.3	0.3	1.0		
<b>Domestic Equities<sup>8</sup></b>	-0.2	-0.5	-0.3	-0.2	-0.4	0.2	0.8	1.0	
<b>Int. Equities<sup>9</sup></b>	-0.3	-0.4	-0.2	-0.1	-0.3	0.5	0.8	0.9	1.0

1) Superfund Euro; 2) Superfund Red; 3) Superfund Red Gold class shares; 4) Superfund Gold; 5) Superfund Blue; 6) 90-day BBSW; 7) ASX 200 Property index; 8) S&P/ASX 200 Accumulation index; 9) MSCI World Ex Australia index.

Source: SuperAlphaFund Financial

## Back-Tested Performance of the Fund

Assuming the initial target allocation, Figures 3 through to 5 illustrate the back-tested performance of the Fund. We have compared the Fund's returns to those of the S&P/ASX 200 Index, the MSCI World Ex Australia Index, the Barclay's CTA Index (a leading industry managed futures benchmark) and the Credit Suisse/Tremont Equity Market Neutral Index.

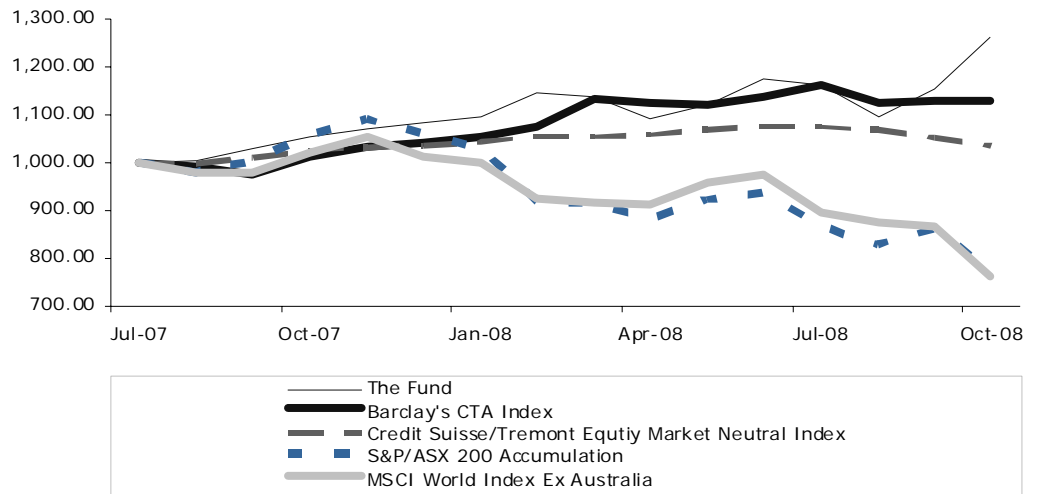
We note that the back-tested performance of the Fund is based on the initial target allocation of the Fund. The allocations to the underlying investment funds will likely change throughout the investment term, which may affect the returns generated by the Fund.

As Superfund Blue and Superfund Red Gold were only established in July 2007, we have a relatively short back-tested period for the Fund. However, over this period (July 2007 to October 2008) the Fund has performed strongly, generating a return of 18.9% over the period, outperforming its peers (represented by the Barclay's CTA Index and the Credit Suisse/Tremont Equity Market Neutral Index) and significantly outperforming equity markets. On a risk-adjusted basis, the Fund was the best performing of the selected group, with a Sharpe ratio of 1.02. In addition, the maximum drawdown over the back-tested period was 6.6%, significantly less than that of both domestic and international equity markets. As the underlying investment strategies follow trends, the strong downward trend experienced in markets over the past 12 months has resulted in a strong performance by the Fund.

We highlight the low level of volatility in the Fund (as measured by standard deviation). The volatility of the Fund is significantly lower than that of the individual investment funds, with the exception of Superfund Blue. This indicates that the incorporation of investment funds that have a low correlation to each other reduces the volatility of the Fund, whilst still providing the ability to produce strong returns.

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Figure 3. Back-tested Performance of the Fund versus the Market (30 Jul 2007 – 30 Oct 2008)



Source: SuperAlphaFund Financial/Bloomberg/Aegis Equities Research

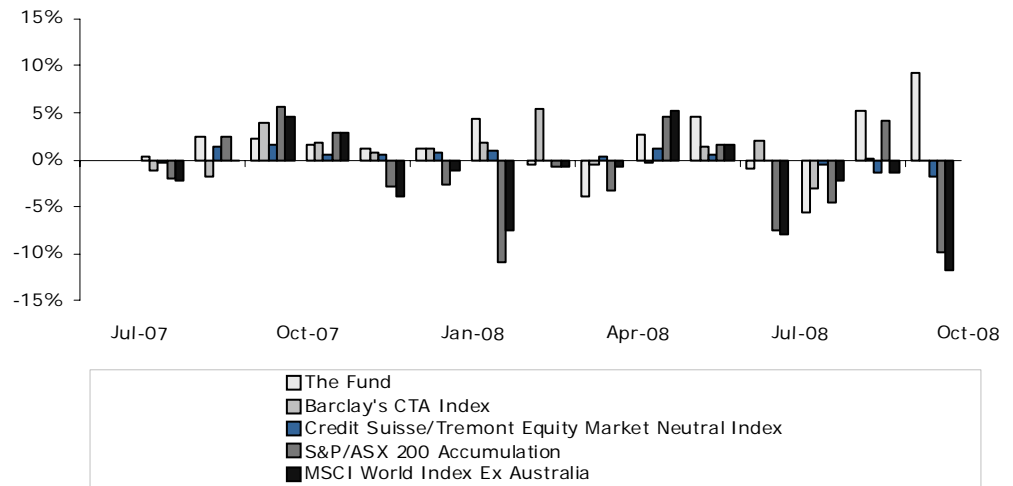
Figure 4. Back-tested Performance of the Fund (30 July 2007 - 30 October 2008)

	<b>The Fund</b>	<b>Barclay's CTA Index</b>	<b>Credit Suisse/Tremont Equity Market Neutral Index</b>	<b>S&amp;P/ASX 200 Accum. Index</b>	<b>MSCI World Index Ex Aust</b>
Return (% pa)	18.9	9.4	2.5	-17.4	-18.4
Std Dev (%)	12.7	7.5	3.3	17.8	16.1
Max Drawdown (%)	6.6	2.9	3.9	20.4	23.2
Positive months (%)	68.8	56.3	62.5	37.5	31.3
Sharpe Ratio	1.02	0.45	-1.07	-1.31	-1.51

Source: SuperAlphaFund Financial/Aegis Equities Research

Figure 5, below, shows the back-tested monthly returns of the selected assets. This highlights the difference in both the volatility and the maximum drawdown.

Figure 5. Monthly Returns of the Fund versus the Market (30 Jul 2007 – 30 Oct 2008)



Source: SuperAlphaFund Financial/Bloomberg/Aegis Equities Research

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Figure 6. Correlation of the Fund to Traditional Asset Classes

	The Fund	Cash	Property	Equities	Int. Equities
The Fund <sup>1</sup>	1.0				
Cash <sup>2</sup>	-0.4	1.0			
Property <sup>3</sup>	-0.8	0.3	1.0		
Domestic Equities <sup>4</sup>	-0.7	0.2	0.8	1.0	
Int. Equities <sup>5</sup>	-0.7	0.5	0.8	0.9	1.0

1) SuperAlphaFund 1; 2) 90-day BBSW; 3) ASX 200 Property index; 4) S&P/ASX 200 Accumulation index; 5) MSCI World Ex Australia index.

Source: SuperAlphaFund Financial

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### Barclay's CTA Index

The Barclay CTA index is considered a leading industry benchmark for managed futures. The index represents the performance of in excess of 400 Commodity Trading Advisors (CTAs). In order to qualify for inclusion in the index, a CTA must have four years of performance history. The index is not weighted and is rebalanced at the beginning of the year.

### Credit Suisse/Tremont Equity Market Neutral Index

The Credit Suisse/Tremont Equity Market Neutral Index is an asset-weighted index derived from a database of more than 5,000 funds employing a market-neutral strategy. The index is determined on a monthly basis, with the index updated on the 15<sup>th</sup> of every month.

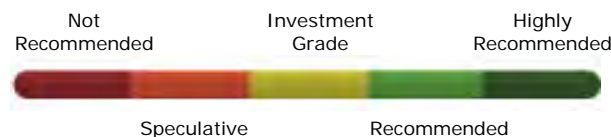
## Appendix – Ratings Process

Aegis has developed a framework for rating investment product offerings in Australia. Our review process gives consideration to a broad number of qualitative and quantitative factors.

Essentially, the evaluation process includes the following key factors: product management and underlying portfolio construction; investment management, product structure, risk management, experience and performance; fees, risks and likely outcomes.

### The Ratings

Our rating is based on the following scale:



**Highly Recommended:** indicates that Aegis believes this is a superior grade product that has exceeded the requirements of our review process across a number of key evaluation parameters and scored exceptionally in a number of categories. It has an attractive risk/return trade-off; however, we caution that the risk/return trade-off will not be suitable for all investors.

**Recommended:** indicates that Aegis believes this is an above average grade product that has exceeded the minimum requirements of our review process across a number of key evaluation parameters. It has an above average risk/return trade-off; however, we caution that the risk/return trade-off will not be suitable for all investors.

**Investment Grade:** indicates that Aegis believes this is a suitable product that has met the aggregate requirements of our review process across a number of key evaluation parameters. The product may provide unique diversification opportunities, but may not stand apart from its peers. It has an acceptable risk/return trade-off; however, we caution that the risk/return trade-off will not be suitable for all investors. In the previous five category rating system, this category was termed 'Approved'.

**Speculative:** indicates that Aegis believes this is a product that has a number of positive attributes; however, there are a number of risks that make investing in this product a speculative proposal. While Aegis does not rule out investing in this product, investors should be very aware of, and be comfortable with, the specific risks. The product may provide unique diversification opportunities; however, concerns over one or more features means that it may not be suitable for most investors.

**Not Recommended:** indicates that Aegis believes that despite the product's merits and attributes, it has failed to meet the minimum aggregate requirements of our review process across a number of key evaluation parameters. However, this does not mean that the product is without merit.

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**The offer of the securities is made in the Product Disclosure Statement (PDS), and anyone wishing to acquire the securities should complete the application form in the PDS.**

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