Altana Wealth

Preserving Real Wealth

Citigroup April 2012

"By a continuing process of inflation, government can confiscate, secretly and unobserved, an important part of the wealth of their citizens."

John Maynard Keynes, *The Economic Consequences of the Peace (1919)*

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This document shall not constitute an offer to sell or a solicitation of an offer to purchase interests in any of the funds described herein. As such offer may only be made by the prospectus for each fund. You should review carefully the prospectus, including the description of the risks, fees, expenses, liquidity restrictions and other terms of investing in the funds, before making a decision to invest.

See full disclaimer at end of presentation

Helping the End Client

Problems

- The most dangerous period for investors ever
- Clients and their end clients need solutions that reduce their liabilities to inflation
- Some clients need solutions that improve their returns when they are forced to mark their liabilities higher due to lower discounting rates on liabilities

Solutions

As many of our clients have an ongoing requirement to pitch to their clients to retain and win new mandates, we believe Altana Wealth can help :

- Products focused on Real Returns
- Tail risk protection against high or hyper inflation
- Use of Hedge fund tools to take advantage of volatile markets
- Work with our clients to produce information and solutions for their clients

Founder's Biography

Lee Robinson

- Career began in **Equity Derivatives** trading at Paribas, followed by **Fixed Income Derivatives** trading at Bankers Trust, **Credit** trading at Deutsche Bank, building and running the **Event-Driven business** at Tudor and then on to Trafalgar.
- CIO and co-founder Trafalgar from just $6m of day one money in Nov 2001, built a business with over $3 Billion at its peak, over 40 staff, nominated and winning several industry awards include 5 nominations and 2 wins in 2008.
- Since being involved with Hedge Funds (Tudor, Trafalgar), I have generated over **$1bn** in gross profits for Investors.
- Sold 19.99% stake to Goldman Sachs vehicle in April 2008.
- Built and developed operations and risk of the business that suffered no counterparty credit losses.
- Extensive industry contacts built over 20 years in the industry including activist situations, renegotiated deals and the successful charity book – The Gathering Storm.

Award Winning Success

Lee Robinson

At Trafalgar founded, designed and oversaw 9 funds including long/short equity, credit, volatility, event driven, special situations, aircraft leasing and sector specific funds

- Nominated for 5 Eurohedge awards in 2007
- Nominated for 5 Eurohedge Awards in 2008 including firm of the year, volatility and event driven and won two awards in 2008 for special situations and long/short equity

- Catalyst Fund nominated by Eurohedge 2006/07/08
- Catalyst Fund won Eurohedge 2003
- Catalyst Fund won Hedge fund review 2002 and 2003

- Recovery Fund nominated by Eurohedge 2003/04/06/07/09/10
- Recovery Fund won Eurohedge 2005 and Hedge Fund Review 2005

Portfolio Managers of Volatility, Recovery and Co-PM of Long Short fund had no previous portfolio experience. All were trained and supported by Lee Robinson

Lee Robinson's 12 year Audited Track Record

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Lee's Event Driven Track Record														
Trafalgar Catalyst														
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2011	MNR Class B $	-0.73%	0.41%	-0.72%	-2.73%									**-3.8%**
2010	MNR Class B $	1.19%	0.08%	-0.74%	1.31%	0.18%	0.60%	-0.42%	0.02%	-0.26%	-0.33%	0.61%	-0.64%	**1.6%**
2009	MNR Class B $	-0.22%	1.93%	-0.74%	-4.65%	-1.65%	-0.31%	-0.74%	1.41%	1.01%	0.64%	-0.10%	-1.14%	**-4.6%**
2008	MNR Class B $	2.36%	2.32%	1.92%	-4.64%	0.79%	1.02%	-2.32%	-1.61%	3.94%	0.60%	0.32%	0.33%	**4.8%**
2007	MNR Class B $	4.23%	0.86%	1.17%	-0.53%	6.48%	-0.79%	1.53%	-0.88%	1.21%	5.34%	0.70%	-1.47%	**19.0%**
2006	MNR Class B $	1.76%	0.86%	5.01%	1.39%	0.89%	2.48%	1.01%	-1.39%	-0.73%	2.18%	0.00%	1.99%	**16.4%**
2005	MNR Class B $	2.03%	1.58%	-0.76%	-1.92%	-5.18%	3.43%	3.70%	1.81%	1.33%	-1.71%	-0.37%	2.30%	**6.0%**
2004	MNR Class B $	4.90%	1.10%	-0.09%	-0.64%	-0.40%	1.10%	-1.20%	0.44%	0.93%	0.46%	0.88%	4.20%	**12.1%**
2003	MNR Class B $	-0.97%	0.31%	0.83%	1.74%	3.19%	1.39%	-0.04%	0.74%	0.36%	1.86%	2.16%	0.83%	**13.1%**
2002	MNR Class B $	0.66%	0.03%	1.69%	0.50%	0.13%	-0.29%	1.53%	-0.56%	1.20%	0.03%	-0.15%	5.44%	**10.5%**
2001	MNR Class B $	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-0.34%	0.50%	****0.96%**
Lee's Event Driven Track Record at Tudor														
2001	MNR Class $	2.50%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	**2.5%**
2000	MNR Class $	0.06%	8.89%	3.95%	2.07%	1.71%	1.20%	3.51%	1.05%	2.13%	-3.38%	0.75%	0.66%	**24.6%**
1999	MNR Class $	1.20%	0.47%	5.35%	3.77%	0.53%	3.43%	1.07%	0.55%	0.38%	-1.24%	0.76%	1.88%	**19.5%**

True Hedge Fund Performance

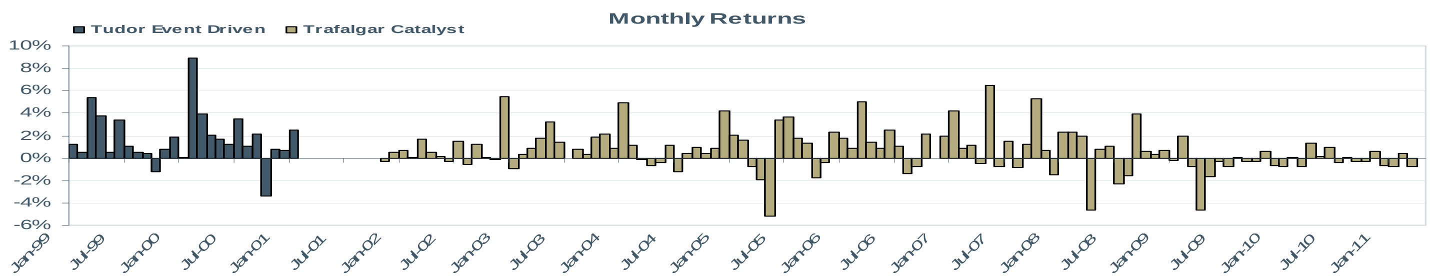
NAV growth from 100 to 359%

Max drawdown 7%

IRR 10%

S&P Correlation range

-0.1 to 0.1



[1] The returns shown are not indicative of future strategy or performance in respect of the Altana Funds or Altana Wealth.

An Introduction to the **Altana Wealth** Brand

There are four pillars that support Altana Wealth's approach to managing money

It's Your Money, After All	In Every Alpha Trade, There's an Alpha Limit	Preserve Capital and Compound	Our Interests Must Be Aligned
We aim to give you full transparency and the best liquidity terms the underlying investments afford	We will close our funds when we believe that liquidity limits have been reached	You should get your money back when you need it and be opportunistic	Our performance fees should exceed our management fees and we must risk a sizeable amount alongside our investors

- We consider ourselves as service providers as well as co-investors.
- Wealth-focused business. "Altana Wealth", not "Altana Capital".

Motivations for launching Altana

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Motivations

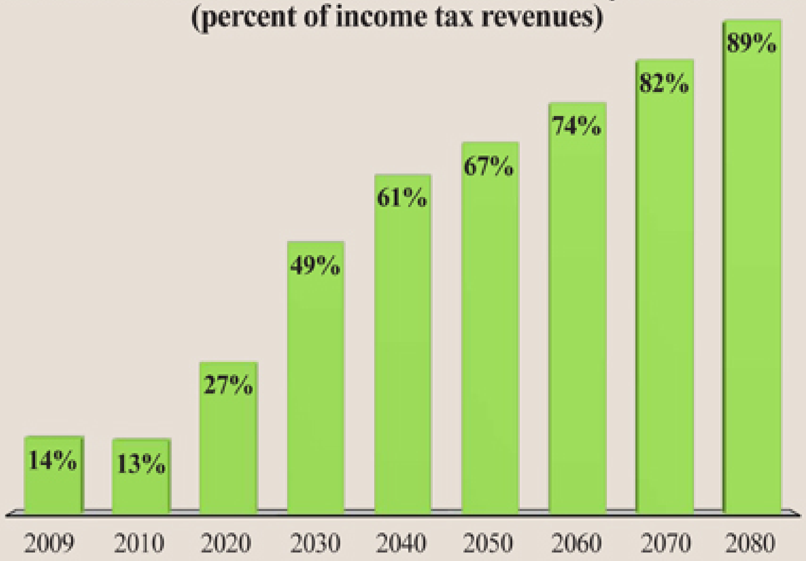
- 2008, Lee Robinson started considering the concept. In 2009, the wheels were set in motion.
- It was clear to Lee that he would prefer to manage his own money for the rest of his life. 2008 reinforced his view that most managers lack the skills in a downturn to preserve capital.
- Lee therefore set up Altana, predominantly to protect his assets, manage his own wealth and allow him to be opportunistic – but realization was that the issues he was facing are the same issues for Family Offices.
- Huge demand for emerging funds that historically perform better coupled with experienced and battle hardened infrastructure has been noted.
- All 3 Altana Funds have been seeded by Lee as he genuinely believes in the strategies and have a vested interest to protect his own family wealth.
- In 6 month period a full team has been built, with all key roles filled (COO, CTO, Head of Sales, Accounts, Head of Ops, Risk – see Appendix for details)

Unsustainable Debt

- Total global wealth approximately $150 Trillion, yet USA already owes over $106T on Medicare alone!
- Highly unlikely the US $ can retain its value.
- Would the US government rather debase its currency and default its foreign creditors than default on its obligations to its voting creditors?

Figure I

General Revenue Transfers to Social Security and Medicare (percent of income tax revenues)



Source: 2009 Social Security and Medicare Trustees Reports.

Figure II

Social Security and Medicare Unfunded Liabilities (trillions of dollars)

	2008	2009
Social Security	$ 15.8	$ 17.5
Medicare Part A	34.7	36.7
Medicare Part B	34.0	37.0
Medicare Part D	17.2	15.6
Total	$ 101.7	$ 106.8

Source: 2009 Social Security and Medicare Trustees Reports.

Why Diversify Sovereign Exposure?
Absolute Real Returns

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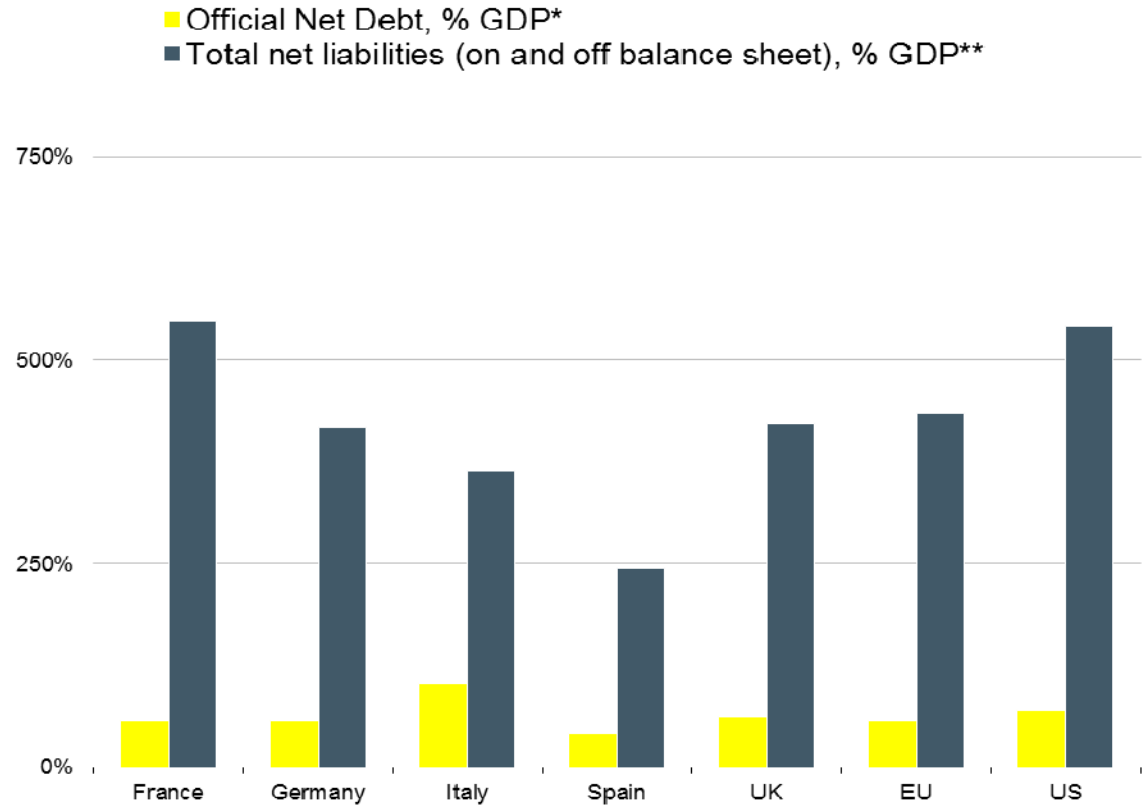
The majority of developed nations are carrying unsustainable asset-liability ratios

• Most developed world governments have five times official net debt in total liabilities including healthcare, pension and other unfunded obligations

• Gold rose 5% in 2008, 25% in 2009 and 30% in 2010, but money printing increased by several hundred percent over the same period*

• Based on the increase in the quantity of paper money, wealth may fall 30-60%. This trend would likely take generations to reverse

*Source : Bloomberg



* 2010 OECD projections
** 2005 estimates of total Fiscal Imbalance

Markets vs Politicians

"We must re-establish the ***primacy*** of politics over the market" – Merkel

Battles fought so far

- Greece 2010 to be firewalled against Ireland contagion – LOST
- Ireland to be contained against Portugal contagion – LOST
- Portugal to be contained against Spain contagion – LOST
- Spain to be firewalled against Italy contagion – LOST
- Italy contagion to be contained against French contagion – LOST
- French contagion to be contained against global banking contagion – LOSING

Misallocation of resources especially due to central banks are the root of today's problems.

Western world is a command economy no different to USSR in 1998.

Lowering of interest rates past the optimal level is detrimental to recovery. Money printing increases non-discretionary spend at the cost of discretionary spend which is the West's key supply.

August 2011 is August 2007 repeated

Credit has been the key driver at all times especially during the 5th year of a credit crisis.

Politicians have allowed a banking crisis to become a sovereign crisis that has caused a bigger banking crisis.

Credit Spreads widening by 200-500 bps causing the economic engines to seize up.

MF Global and Dexia are simply Northern Rock and Bear Stearns repeated.

Economists all say it is OK as lagging indicators are strong.

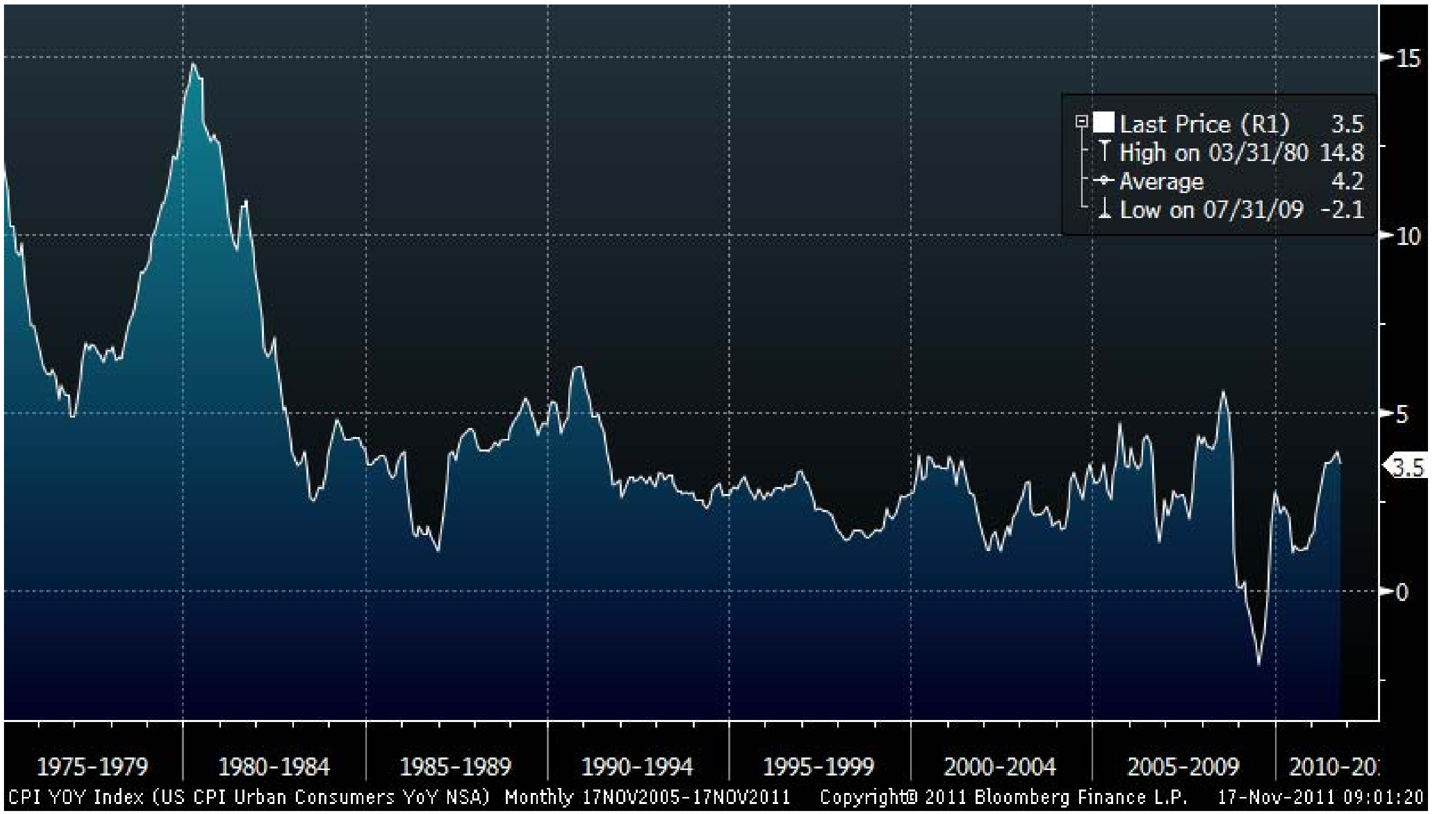
The banks are larger, the sovereigns more indebted, the spreads wider.

Credit spreads will not remain this elevated for much longer.

We are in the ‘endgame’. The markets are forcing change on the participants.

Defaults either actual or by inflation are the conclusion I draw

Why is Inflation the Worry?



US Inflation % Year-on-Year

Source Bloomberg

Why is Inflation the Worry?

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Table 8.1 Hyperinflations in History

Country	Year	Highest Inflation per Month %	Country	Year	Highest Inflation per Month %
Argentina	1989/90	196	Hungary	1945/46	$1.295^{*}10^{16}$
Armenia	1993/94	438	Kazakhstan	1994	57
Austria	1921/22	124	Kyrgyzstan	1992	157
Azerbaijan	1991/94	118	Nicaragua	1986/89	127
Belarus	1994	53	Peru	1921/24	114
Bolivia	1984/86	120	Poland	1989/90	188
Brazil	1989/93	84	Poland	1992/94	77
Bulgaria	1997	242	Serbia	1922/24	309,000,000
China	1947/49	4,209	Soviet Union	1945/49	279
Congo (Zaire)	1991/94	225	Taiwan	1995	399
France	1789/96	143	Tajikistan	1993/96	78
Georgia	1993/94	197	Turkmenistan	1992/94	63
Germany	1920/23	29,500	Ukraine	1990	249
Greece	1942/45	11,288	Yugoslavia		59
Hungary	1923/24	82			

SOURCE: Peter Bernholz, *Monetary Regimes and Inflation: History, Economic and Political Relationships* (Edward Elgar Publishing, March 27, 2006).

Inflation is asymmetrical

We may see -2-5% deflation for several years as per Japan but we eat and can survive

But 2-3 years of >10% inflation destroys your wealth, especially as you grow older

So whilst the odds are in favour of deflation, a smaller probability of inflation is of greater harm because of larger losses. Assets down in real terms and liabilities up

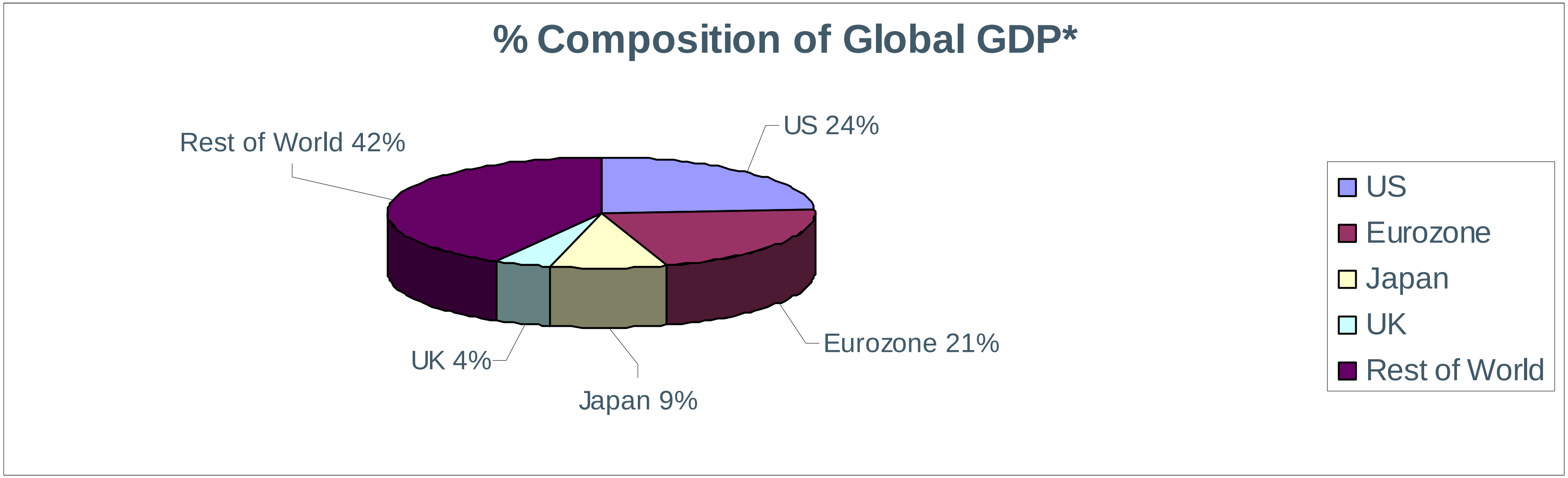
Why is Inflation the Worry?

term	5 years
assets	100
margin	5%
5yr sales	500

inflation	1%	2%	4%	8%
cost of replacement	105.1	110.4	121.7	146.9
5 yr profit	127.5	130.1	135.4	146.7
equity creation	22.4	19.7	13.7	-0.3
10yr Bond changes	9.3	0	-16.2	-40

High inflation hurts your bond portfolio and your equity portfolio at the same time as your liabilities increase

Maintain your Purchasing Power:
Global GDP composition



Global GDP composition suggests that at least 40% of wealth should be diversified outside reserve currencies…
…and this number is growing as the global GDP share of 'reserve currency' economies is in a secular downtrend.

* Source - IMF

Bundesbank is not just about 1923

The hyperinflation in Germany post World War I is always quoted as the reason for the Bundesbanks fear of inflation

However if you look at the 1970s inflation period then we see that whilst both Germany and the USA entered the 70s with over 4% inflation due to lax policies , the Bundesbank reacted with counter inflation measures so that inflation peaked at 7.8% versus the USA at 14.6%

The output gap was measured incorrectly and deemed a useless measure in real time

The Germans focussed on changes in output gap rather than actual output gap

Not only do we expect to see less printing of money in Europe we expect the Bundesbank to either

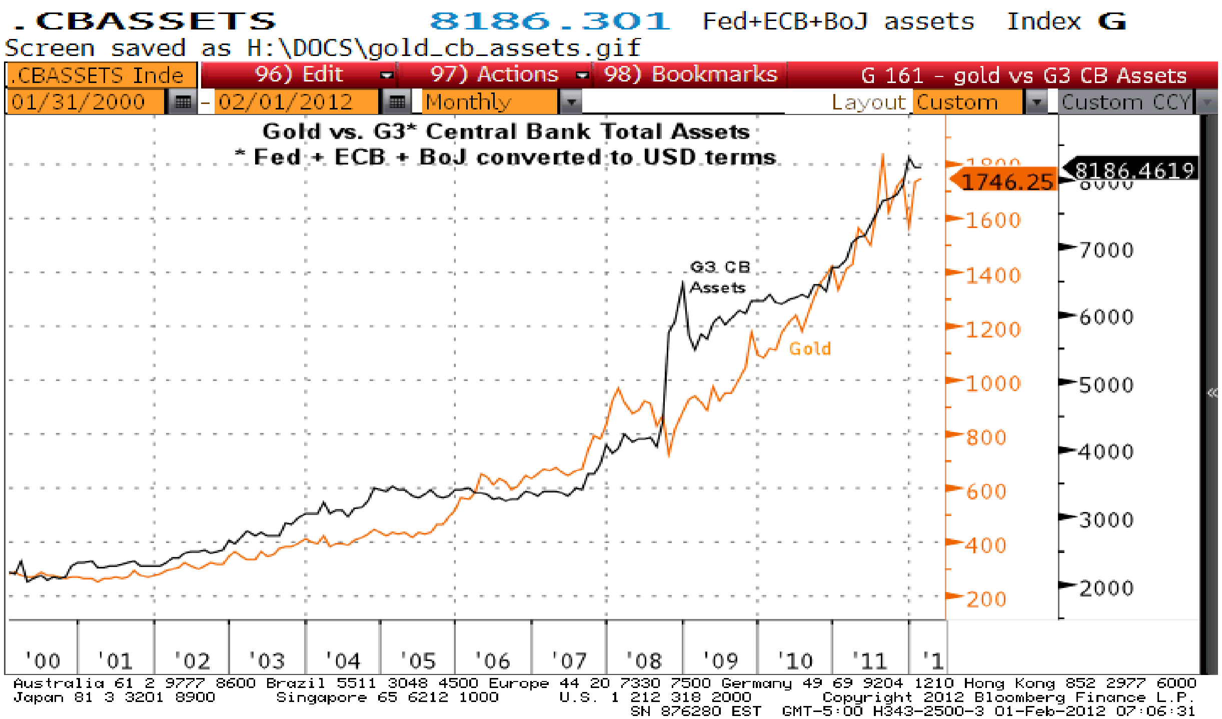
- Insist on higher rates in exchange
- Talk up rates soon thereafter both for reputational reasons and fear of inflation

The spread between 2 and 10 year bonds is tighter in Germany than the USA. Maybe it should be the other way around

Source ECB policy bulletin May 2010

Gold

‘But when you recall that one of the first moves by Lenin, Mussolini and Hitler was to outlaw individual ownership of gold, you begin to sense that there may be some connection between money, redeemable in gold and the rare prize known as human liberty…In a free country the monetary unit rests upon a fixed foundation of gold or gold and silver independent of the ruling politicians’ – **Howard Buffett 1948**



Inflation Trade with Hard Currency

There have been several periods of high or hyperinflation in the last 100 years, Zimbabwe recently, Germanic hyperinflation in the 1920s, Yugoslavia and Israel in the 1980s, even the UK and US in the 1970s.

They all saw the value of their currencies fall dramatically and in the hyperinflation cases were down 99+%. In some cases the stock markets adjusted upwards by several hundred percent or more.

If history repeats itself then one or more of the liquid stock markets or real estate may trade up significantly in nominal terms even though the value of those stocks in real terms falls.

- All the above have one thing in common: No derivative markets were available.

Take the following example:

- 100% long and the market doubles, but base currency halves, then in hard currency terms you are flat
- If you spend 10% on in the money calls on the market in question (which could include oil, gold and agricultural ETFs) and invest 90% in a hard currency fund, then compare the returns.

90% original hard currency investment + 96%[1] return from the stock market X 50% (currency falls) =138% in hard current terms = 276% in base currency.

[1] Assumes 4% loss on options

Relative Ugliness

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•Bank deposits are unattractive. Cost of protection averaging 5% so a term deposit at say 1% is generating a post risk return of -4%.

•Bills are returning 0% or less but inflation is 3-6% or 7-10% if you believe the shadow stats. There is also default risks with minimal recovery protection but high likelihood of restructuring.

•Short dated corporate bonds at 3-5% are attractive and easier to enforce default and prevent restructuring.

•Long dated bonds are never a buy and hold especially when below historic inflation averages.

•BUT Many Equities have inflationary protection and offer decent longer term multiples.

New World

Investors have always been concerned with Nominal returns minus Inflation

BUT

For 30 years inflation has been falling so nominal returns became the main focus

BUT

Amount of debt is greater than global assets so we either need high growth else the majority of investors will not make Real returns

This credit explosion ends the same as all others by inflationary or actual defaults

I believe that going forward the investment industry and hence our industry will be forced to return our focus to real returns

The hedge fund industry with its range of investable products will be the best equipped to generate Real returns

Altana Team – World Class and Ready….

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We have created an 'institutional quality' operational infrastructure

Experience with Service providers in excess of 10 years, Goldman Sachs Petershill as backer

Market conditions allow us to hire into key roles superb staff from top tier institutions

Ian Gunner
ASDF Portfolio Manager
23 years experience formulating strategies in currency and bond markets

Alex Krainer
AITF Portfolio Manager
4 year audited track record managing a CTA managed futures business

Lee Robinson
Chief Investment Officer
13 years on the buy side and co-founded Trafalgar Asset Managers

Antony Lingard
Chief Operating Officer
18 years with Inv Banks - most recently as MD at UBS in Prime Brokerage

David Helm
Global Head of Sales & Marketing
ex-Sofaer Partner & CEO, ex-Odey Partner 19 yrs experience

Stella Dang
Head of Operations
ex-head of Operations at Amiya Capital ($1.9bio AUM)

Mark Engelbrecht
Chief Financial Officer
18 years experience, 5 years at Trafalgar

Neil Panchen
Chief Technology Officer
18 years Blue Chip Inv Bank experience (Deutsche Bank)

Nerissa Ventanilla Investor Relations
Additional Full Time: Four Employees

Service Providers

Prime Broker	Administrator	Auditor
Goldman Sachs	Goldman Sachs, Dublin	Grant Thornton

Next Steps

Preparation is a key to opportunity

If you like our ideas and strategies the next step is to undertake due diligence on our funds and request subscription forms to enable swift execution when you believe the timing is right

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Issued by Altana Wealth Ltd, April 2012.