

Alceda Quarterly UCITS Review

Q2
2012

SUMMARY

Alternative strategies within a UCITS framework have continued to see accelerating demand. In response to this ongoing development, Alceda, one of the leading UCITS platform providers, has undertaken to provide investors and fund managers with a quarterly review of the sector. With its long history and well established relationships within the UCITS market, Alceda is in a unique position to provide commentary on the market.

- >> The alternative UCITS sector continued to grow in the second quarter of the year, despite a difficult market backdrop. The universe we track via the Absolute Hedge database has grown from 284 in the first quarter to 292 funds in the second quarter 2012, managing total assets of EUR 82.5 bn. This reflects an increase of 7.4 %.
- >> It was a tough quarter for equity markets, with the MSCI World Index losing 4.05 % as sentiment deteriorated on the back of ongoing sovereign debt concerns and weak economic data. May was a particularly difficult month as investors digested the possibility of Greece exiting the Eurozone and yields on Spanish debt soared.
- >> Against this backdrop the AH UCITS Index declined 2.14 % for the quarter, reducing YTD gains to 0.47 %. Having been the best performing UCITS strategy in Q1, Equity Long Short slumped to the bottom of the pile in Q2 recording a 2.77 % decline. FX is now the top performing strategy year to date with a return of 3.54 %, while Credit strategies continued their strong start to the year extending year to date gains to 2.64 %. Managed futures funds (-2.14 % for the quarter) struggled with the sharp equity market rally at the end of June, which masked an otherwise relatively good performance since April.
- >> It was a more muted quarter for fund launches, which was not helped by the weaker investor sentiment. The three largest launches over the quarter were credit funds, reflecting sustained demand for absolute return strategies in this sector. Over the quarter a number of emerging markets UCITS strategies closed or announced plans to wind down.
- >> The average fees for both retail and institutional share classes remained largely static over the quarter. The number of funds in the database charging performance fees increased slightly and now stands at over 81 % reflecting the increasing sophistication of investment strategies available in UCITS format.
- >> Ireland and Luxembourg retained their dominant position as the domicile of choice for UCITS absolute return funds, with all of the funds launching in the quarter choosing these locations for their domicile.

For more information on
Alceda or Alternative
UCITS please visit
www.alceda.lu/en

PERFORMANCE

1 AH UCITS INDEX PERFORMANCE: GLOBAL

	Q2 2012 (%)	YTD (%)	Last 12 Months (%)
AH Global UCITS Index	-2.14	0.47	-3.62
HFRI Fund Weighted Composite Index	-2.72	1.70	-4.38
J.P. Morgan GBI Broad	1.88	2.33	7.10
MSCI World Index (TR)	-4.05	6.83	-1.67

Source: Kepler Partners, www.absolutehedge.com

2 AH UCITS INDEX PERFORMANCE: STRATEGY

	Apr 2012 (%)	May 2012 (%)	June 12 (%)	Q2 2012 (%)	YTD %
AH Global UCITS Index	-0.43	-1.60	-0.13	-2.14	0.47
Credit Index	-0.20	-0.10	0.50	0.20	2.64
Equity Long Short Index	-0.31	-2.88	0.43	-2.77	1.08
FX Index	-0.32	1.68	-0.04	1.32	3.54
Macro Index	-0.87	-1.13	-0.17	-2.15	-0.12
Managed Futures Index	0.37	1.13	-3.59	-2.14	-4.69
Market Neutral Index	-0.81	-1.46	0.21	-2.05	-0.14

Source: Kepler Partners, www.absolutehedge.com

Foreign Exchange strategies had another strong quarter, adding to their gains year to date.

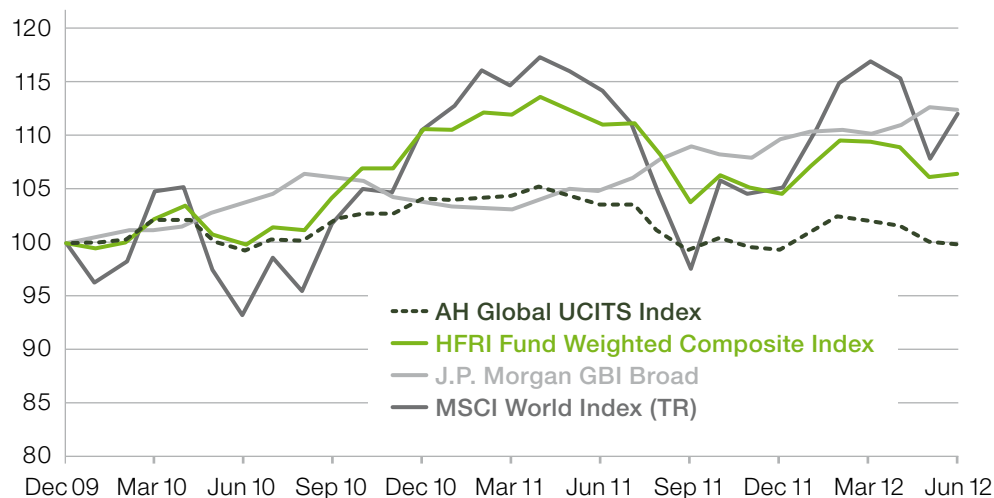
Credit strategies
have impressed
with only two
negative quarters
since Q2 2010.

3 STRATEGY HEAT MAP: QUARTERLY

Q2 2010	Q3 2010	Q4 2010	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Q1 2012	Q2 2012
JPM GBI 2.54 %	MSCI World 9.40 %	MSCI World 8.42 %	MSCI World 3.70 %	JPM GBI 1.60 %	JPM GBI 4.01 %	MSCI World 7.92 %	MSCI World 11.34 %	JPM GBI 1.88 %
FX -0.19 %	Equity Long Short 4.20 %	Equity Long Short 3.68 %	Credit 1.35 %	Market Neutral 0.38 %	Market Neutral -0.48 %	FX 1.08 %	Equity Long Short 3.96 %	FX 1.32 %
Market Neutral -1.00 %	Macro 2.74 %	Macro 1.48 %	Market Neutral 0.72 %	Credit 0.09 %	FX -1.36 %	Macro 1.04 %	Credit 2.44 %	Credit 0.20 %
Credit -1.04 %	Credit 2.32 %	Managed Futures 0.56 %	Equity Long Short 0.04 %	MSCI World -0.43 %	Managed Futures -1.97 %	Credit 0.79 %	FX 2.20 %	Market Neutral -2.05 %
Managed Futures -1.85 %	JPM GBI 2.31 %	Credit 0.55 %	Macro -0.06 %	Equity Long Short -0.53 %	Credit -2.67 %	JPM GBI 0.63 %	Macro 2.07 %	Managed Futures -2.14 %
Macro -3.05 %	Managed Futures 1.53 %	Market Neutral 0.50 %	FX -0.12 %	Managed Futures -1.22 %	Macro -3.26 %	Market Neutral 0.22 %	Market Neutral 1.94 %	Macro -2.15 %
Equity Long Short -4.28 %	Market Neutral 1.44 %	FX -1.12 %	JPM GBI -0.60 %	FX -1.74 %	Equity Long Short -6.24 %	Equity Long Short -0.15 %	JPM GBI 0.44 %	Equity Long Short -2.77 %
MSCI World -11.03 %	FX Index 0.28 %	JPM GBI -2.31 %	Managed Futures -2.81 %	Macro -1.82 %	MSCI World -14.71 %	Managed Futures -4.47 %	Managed Futures -2.60 %	MSCI World -4.05 %

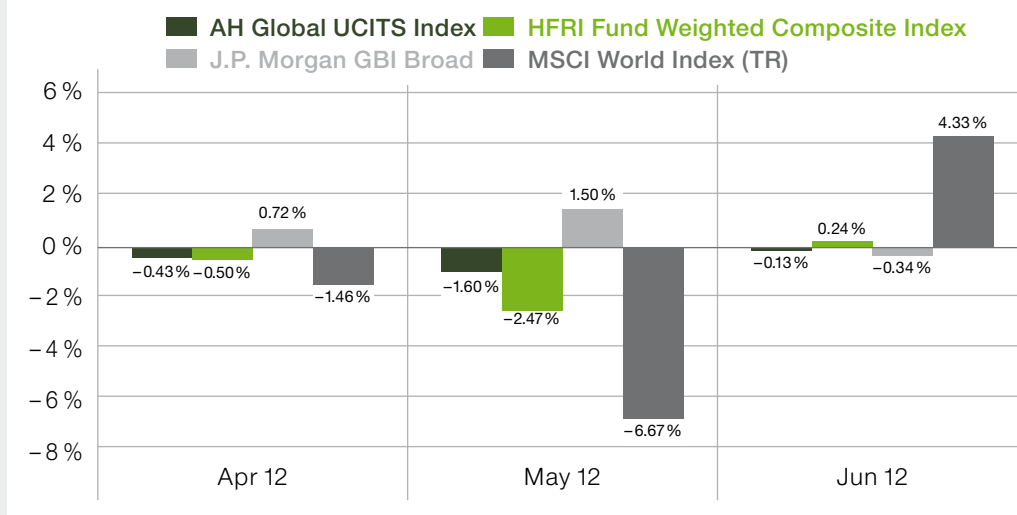
Source: Kepler Partners, www.absolutehedge.com

4 AH UCITS INDEX PERFORMANCE: SINCE INCEPTION



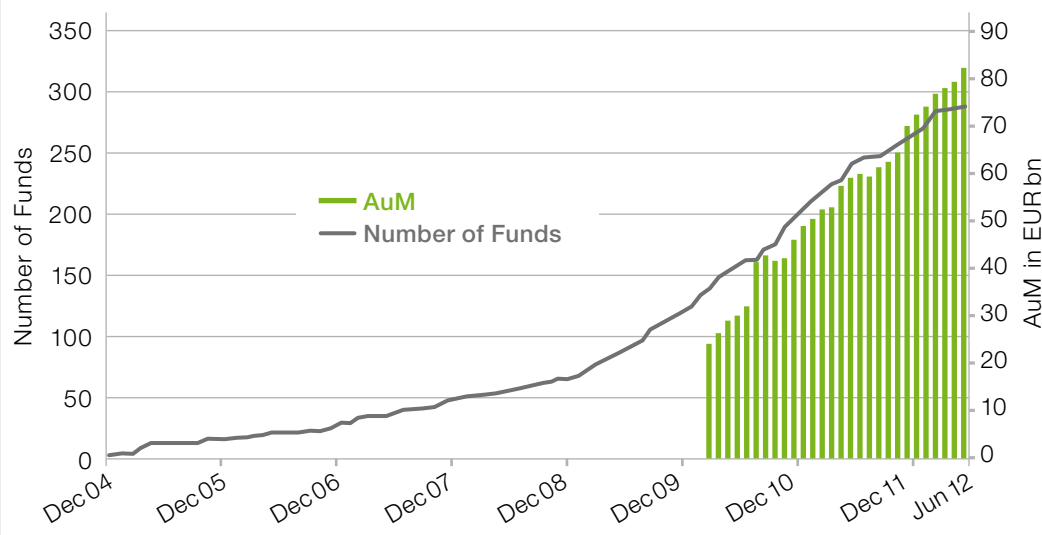
Source: Kepler Partners, www.absolutehedge.com

5 MONTHLY PERFORMANCE: Q2 2012

Source: Kepler Partners, www.absolutehedge.com

ASSETS UNDER MANAGEMENT

6 ALTERNATIVE UCITS FUNDS: NUMBER AND AUM EVOLUTION

Source: Kepler Partners, www.absolutehedge.com

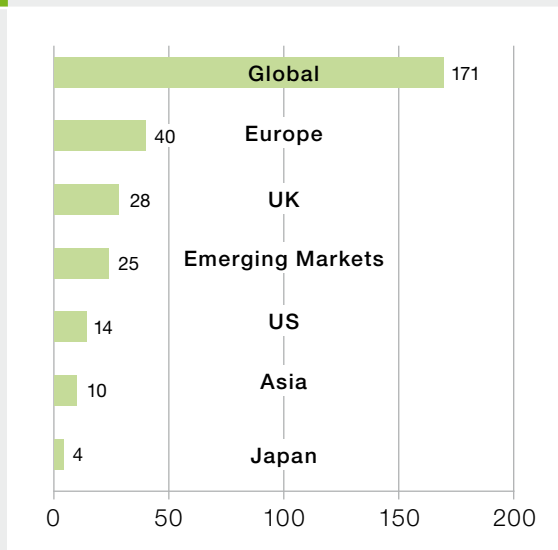
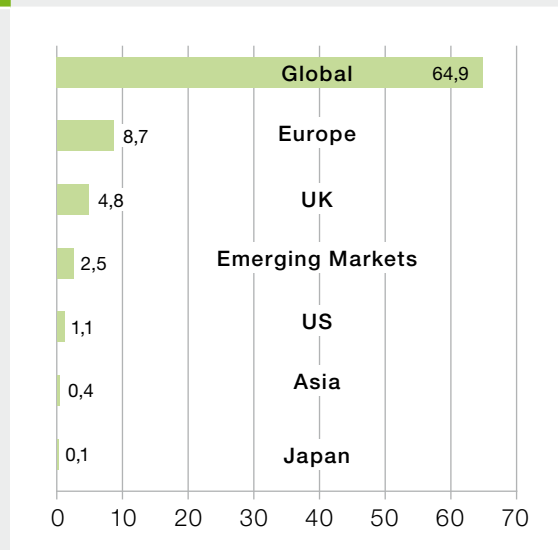
The quarter saw continued growth in the universe highlighting the increasing appeal of the UCITS structure for alternative funds.

7 STRATEGY OVERVIEW: NO. OF FUNDS

	Mar 12	Jun 12	% change
Equity Long Short	114	115	0.9 %
Macro	48	50	4.2 %
Credit	25	27	8.0 %
FX	10	10	0.0 %
Market Neutral	22	22	0.0 %
Managed Futures	19	19	0.0 %
Event Driven	14	14	0.0 %
Fund of Funds	17	19	11.8 %
Other	15	16	6.7 %
Total	284	292	2.8 %

8 STRATEGY OVERVIEW: AUM (EUR BN)

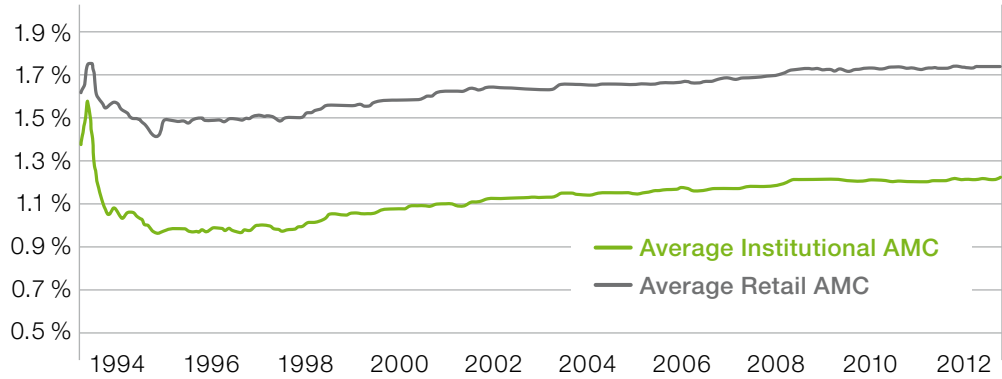
	Mar 12	Jun 12	% change
Equity Long Short	11.2	11.5	2.7 %
Macro	28.7	30.6	6.6 %
Credit	18.4	20.8	13.0 %
FX	1.4	1.4	0.0 %
Market Neutral	5.2	5.1	-2.0 %
Managed Futures	4.2	4.8	14.3 %
Event Driven	1.4	1.2	-14.3 %
Fund of Funds	1.1	1.3	18.2 %
Other	5.3	5.8	9.4 %
Total	76.8	82.5	7.4 %

Source: Kepler Partners, www.absolutehedge.com**9 REGIONAL FOCUS: NO. OF FUNDS****10 REGIONAL FOCUS: AUM (EUR BN)**Source: Kepler Partners, www.absolutehedge.com

> The majority of funds in the universe follow a global strategy, however as the universe grows we expect demand for more regionally focused managers to increase. <

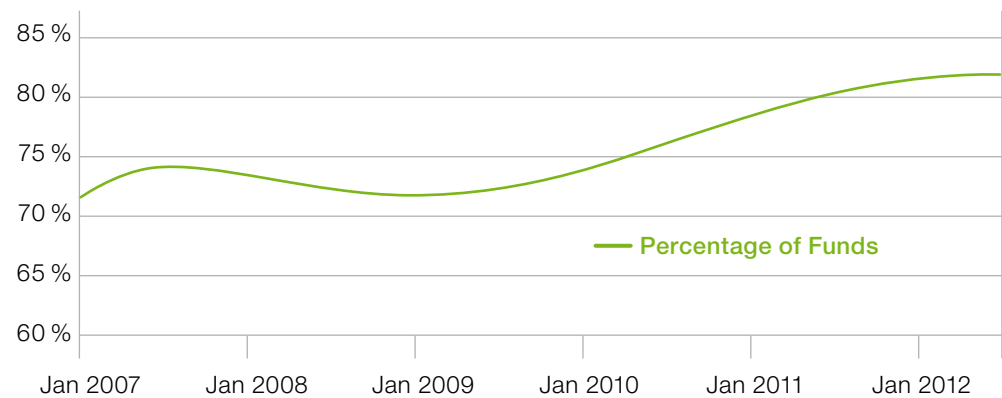
ALTERNATIVE UCITS: FEE LEVELS

11 AVERAGE FEES (%)



Source: Kepler Partners, www.absolutehedge.com

12 % OF FUNDS WITH PERFORMANCE FEE

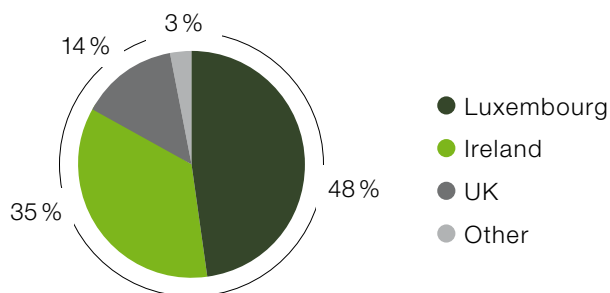


Source: Kepler Partners, www.absolutehedge.com

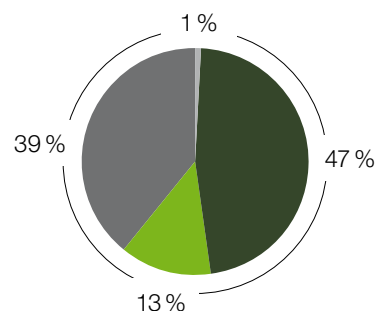
As more complex strategies have launched in UCITS we have observed average fee levels rising across the universe.

FUND DOMICILE

13 FUND DOMICILE: BY NO. OF FUNDS



14 FUND DOMICILE: BY ASSETS



Source: Kepler Partners, www.absolutehedge.com

Luxembourg and Ireland continue to defend their position as the domiciles of choice for UCITS alternative funds.

UCITS LAUNCHES

15 NEW ALTERNATIVE UCITS LAUNCHES: Q2 2012

New Fund Launches	Date	Launch AuM in Mio. EUR	Strategy	Geography
CB - Accent Lux – Alternative Alpha Evolution	01/04/2012	17	FoHF	Global
MLIS TRG Global Emerging Markets UCITS	04/04/2012	14	Macro	EM
Cheyne Global Credit	16/04/2012	20	Credit	Global
SEB Prime Solutions Sissener UCITS	01/05/2012	4	Equity L/S	Global
Crown Multi-Strategy UCITS	10/05/2012	19	FoHF	Global
BlackRock Global Absolute Return Bond Fund	25/05/2012	50	Credit	Global
Sector Sigma Nordic Fund	01/06/2012	15	Equity L/S	Nordics
Nomura Permal Japan Alpha	08/06/2012	2	Market Neutral	Japan
Muzinich Long Short Credit Yield	18/06/2012	23	Credit	Global
MLIS Fulcrum Alpha Macro UCITS	19/06/2012	8	Macro	Global
Nomura Quadra Fund	21/06/2012	20	Multi Strategy	Global

Source: Kepler Partners, www.absolutehedge.com

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Database methodology: Funds on the Absolute Hedge database have been screened against a range of quantitative and qualitative factors, with the research team at Kepler Partners also applying a 'quality' filter to maintain a universe that is relevant for investors. In general terms a fund will be considered for inclusion if it meets any of the following criteria: uses a recognised hedge fund or other sophisticated strategy, has a non-benchmarked approach to investing, has a sister offshore fund or charges a performance fee.

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