

| Performance | |
|---------------------|---------|
| December | +0.27% |
| Year to Date | +1.26% |
| Since Inception | +5.77% |
| Leverage (% of NAV) | 126.57% |

Source: AIS Fund Administration, DBiQ, gross of fees.

| Key Figures | |
|------------------------|--------|
| Volatility | 3.65% |
| Correlation to MSCI EM | 26.41% |
| Correlation to EMBIGD | 11.36% |
| Correlation to S&P500 | 9.04% |

Volatility and correlation is calculated since inception in July 2008 (Annualized)

Performance Matrix

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Total |
|------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| 2008 | | | | | | | +0.13% | +0.74% | +0.72% | +3.07% | +0.05% | +1.18% | +6.01% |
| 2009 | +0.28% | -0.87% | +0.41% | +0.37% | +1.44% | -0.64% | +0.33% | -0.10% | +0.47% | +0.21% | +0.88% | -0.97% | +1.81% |
| 2010 | -0.88% | +0.38% | +0.43% | +0.20% | -3.04% | +0.00% | +0.94% | -0.36% | -0.38% | -0.27% | -1.24% | +1.00% | -3.24% |
| 2011 | +0.23% | +0.74% | +0.41% | +0.78% | -0.14% | -1.71% | +0.58% | -1.79% | -0.64% | +2.46% | +0.13% | +0.27% | +1.26% |

Source: AIS Fund Administration from July 2008 to September 2009 based on the unleveraged contribution from our emerging markets FX strategy, DBiQ thereafter, gross of fees

Overview

December did not play out quite the way we had hoped for as Euro-area debt and fiscal policy worries continued to weigh on market sentiment. On the one hand the ECB actually did deliver as the bank relaxed collateral rules and announced 3-year LTROs on top of lowering the refi-rate by 25bps to 1.00%. On the other hand the outcome of the December 9 EU summit proved somewhat disappointing as the fiscal brakes to be adopted in national constitutions and the monitoring of compliance still needs approval by national parliaments with the outcome being far from certain. Also, the funding of the EFSF's and the ESM, with the latter decided to be brought forward to July 2012, remained somewhat unenthusiastic and unclear. Consequently, the door to ECB all-in quantitative easing remained closed leaving Italian yield spreads and interbank risk metrics close to recent record highs.

As the dollar gained strength gold lost its appeal leaving the glittering asset down 10.46% on the month. Germany's DAX stock index returned a monthly negative 3.13% whereas US S&P500 stock index gained a monthly 0.85% as US job market data as well as industrial/business data outperformed consensus expectations thereby fuelling expectations for better growth numbers in Q4 2011 and Q1 2012. WTI crude oil at some point during the month traded as low as USD 92.52 per barrel but managed a solid recovery to finish the month in USD 98.83 a barrel on the back of supply worries and Iranian rumblings in the strait of Hormuz.

In terms of portfolio flows the story in December was much the same as in November. Reflecting the dire outlook for global growth and not least the uncertain fate of the Euro-area, according to Emerging Portfolio Fund Research dedicated emerging markets fixed income funds suffered outflow leaving YTD inflows at 5.6% of AUM.

Performance Review

Global Evolution Macro Emerging Markets FX returned a **positive 0.27%** for the month of December. The strategy performed well in both relative value and discretionary strategies like ZAR (South Africa) and selected frontier currency strategies like TZS (Tanzania), ZMK (Zambia). Strategies in Asian currencies contributed negatively to returns for the month with the exception of IDR (Indonesia) contributing positively.

Market Outlook & Strategy

The Euro-area sovereign debt crisis is bound to dominate headlines and market sentiment in weeks to come starting with the Merkel-Sarkozy meeting on January 9 and to be followed by a minister of finance meeting on January 23 and a full EU27 summit by end January. With no doubt a status on the agreed incorporation of fiscal brakes in national constitutions will rank high on the EU27 summit agenda. Other issues likely to dominate risk sentiment is the raising of capital by European banks struggling to meet the 9% core Tier 1 ratio by end H1. Medium term and longer term we strongly believe that emerging markets will continue to see an increase in crossover flows from G3 institutional investors previously focusing solely on core markets fixed income. However, short term much will depend on overall risk sentiment.

The fact that Chinese PMI surveys most recently have risen to expansionary territories and that business and consumer confidence in the US and the EMU are diverging with the former beating consensus expectations are clearly positives supporting commodities and risk assets in general. However, due to short term headline risk in the month of January we will look at opportunities on a more tactical (short term) basis.

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