



HCAP Global Diversified Fund

Year 2011, 6 months in review to 30 June.

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2011	0.37%	2.06%	0.84%	-0.01%	0.47%	-0.12%							3.66%
2010	2.74%	4.22%	1.22%	2.87%	-2.11%	-9.91%	0.08%	0.25%	2.40%	3.21%	3.35%	1.71%	9.59%
2009											2.10%	-0.38%	1.72%

3 Month **0.35%**

6 Months **3.66%**

12 Months **15.54%**

The Fund ended the first 6 months of 2011 with a credible performance in the context of largely negative global market returns. The Fund preserved capital in difficult trading conditions throughout the period and, importantly, delivered net positive returns.

Given the highly uncertain macro backdrop, the Fund pursued a more conservative investment strategy over the past 6 months. The Fund dialed down its risk in response to what it perceived as highly uncertain market conditions. A key consideration of the Fund is that the Manager will look to dial risk up and down, depending on conviction levels.

The Fund, a global macro fund, adopts a high conviction, discretionary, multi-strategy investment philosophy. The focus is to source value in the global markets, largely expressed through futures, and to proactively allocate investment capital to target the Fund's objective of delivering 15% plus per annum.

Throughout the year, the Fund mainly traded in the global futures markets. It has a flexible alpha-seeking mandate to take risk positions across global markets in search of high returns. Importantly, the Fund may also concentrate risk where value is identified.

The Fund's discretionary investment approach seeks to identify opportunistic value. It employs both directional and market neutral strategies to express market views.

The focus is on value investing, utilizing fundamental disciplines to identify and extract value.

In reviewing the past 6 months, investments were primarily focused on "Calendar Spreads" in the New Zealand interest rate futures market. The typical trade throughout the year was market neutral, (long/short), high conviction spreads – either expressed as flatteners or steepeners across global yield curves.

Looking ahead, the macro environment presents itself with ongoing uncertainty and, as a result, volatility. As trading conviction levels increase, this backdrop will likely provide the Fund with ongoing opportunistic windows to invest risk capital.

Disclaimer

The information contained in this document is for information purposes only and is not to be relied on as a recommendation or forecast by the fund, investment manager or any related party. Past performance is not necessarily indicative of future performance. Under no circumstances will the trustee, investment manager and/or its affiliates be liable for any loss including, but not limited to direct, indirect, incidental, special or consequential damages caused by using the information. Nothing in this newsletter should be construed as either an offer to buy or sell or a solicitation of an offer to buy or sell any investments in any jurisdiction. Fund risks are outlined in the current Private Placement Memorandum.



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Global Macro

Targeting superior risk adjusted returns, the Fund's alpha seeking focus is to generate returns through an active and global trading approach - largely across liquid futures; securities and options strategies. The Fund's investment style is predominantly value based and discretionary, adopting both directional and hedged (i.e. long/short) position taking. The Fund has a higher expected volatility profile, which implies higher targeted returns.

Key Fund points

Transparency – monthly liquidity – performance driven – management is a significant investor

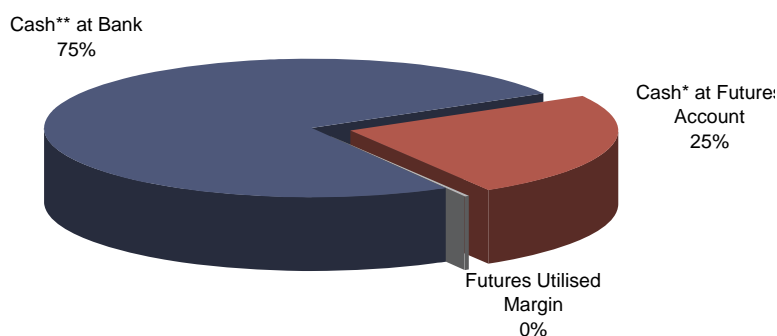
Fund Manager

HCAP Asset Management, as Investment Manager to the Fund, was founded in November 2008. Steve Howell, company founder and CEO, has extensive experience across fixed income and relative value trading and investing. Steve, having worked in financial markets for over 25 years, has deep experience in asset selection, portfolio construction and risk management disciplines.

Performance Statistics

NAV per Unit (cumulative)	115.54
Return Since Inception	15.54%
3 Month Return	0.35%
6 Month Return	3.66%
12 Month Return	15.54%
% Positive Months	75%
Highest Monthly Return	4.22%
Lowest Monthly Return	-9.91%

Capital Allocation at Month End



* Including unrealised profits and losses

** Including accrued interest

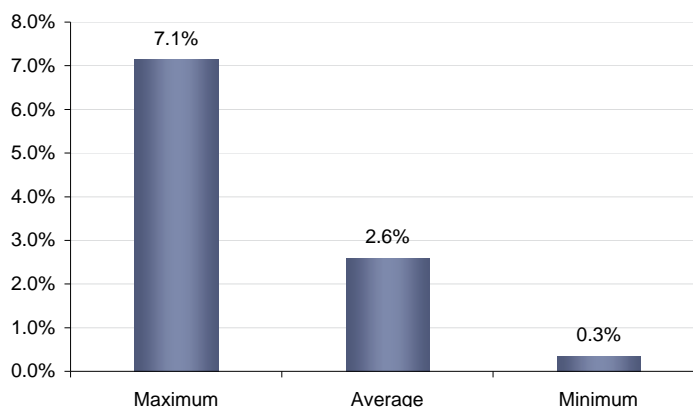
Fund Information

Base Currency:	AUD
Domicile:	Australia
Investment Type:	Unit Trust
Inception:	Oct 2009
Management Fee:	1.50%
Performance Fee:	20%
Subscriptions / Redemptions:	Monthly
Income Distributions:	Semi-Annually
Minimum Investment:	AUD 100,000
Legal Advisor:	Mallesons Stephen Jaques
Auditor:	Hall Chadwick
Administrator:	TMF FundServices
Bloomberg Ticker:	HCAPGDV AU Equity
Telekurs VALOR:	CH11003333

Investment Manager

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Utilised Futures Margin to Equity



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