



The Certitude Asian Opportunities Fund invests into the Marshall Wace GaveKal Asian Opportunities UCITS Fund (Underlying Fund), which provides exposure to a long-only investment strategy designed to capture the long-term returns of the Asia-Pacific equity markets whilst constraining volatility through tactical exposure to bonds and cash. The fund provides access to a diversified portfolio of equities, government bonds, corporate bonds and convertible bonds in the Asia-Pacific region and currencies, particularly Asia-Pacific currencies.

### Portfolio update

The Certitude Asian Opportunities Fund returned 0.17% for October 2011. As a reference, the MSCI AC Asia Pacific (EUR) returned 3.58% for the month.

### Manager comments

Over the past year, macro-concerns have predominantly focused on Europe and to a lesser extent the US, but the equity market pain has been most acute in Asia—proving once again that emerging markets are all too often markets one cannot emerge from in an emergency! For example, year to date, Hong Kong equities are actually underperforming Spanish ones. Taiwan and China have fallen more than the Eurostoxx, and the Indian Rupee has shed a cool –13.5% against the Euro. On a PE basis, the Kospi is now cheaper than Spain while the Hang Seng trades at the same level as the CAC! Behind this somewhat surprising underperformance one finds a) the region's hawkish monetary policies over the past year and the consequent tightening liquidity environment and b) the fact that, a year ago, the valuations of Asian equity markets looked relatively stretched against those that prevailed in Western markets. Fast forward a year, however, and the picture now looks very different.

- On the valuation side, most Asian equity markets (and high-yield corporate bond markets) are back to levels where historically, it has made sense for longer-term investors to deploy capital.
- On the policy side, the past few weeks have seen a number of changes, including a) a cut in interest rates in Indonesia at the beginning of October (a somewhat surprising move in light of the Rupiah's savage September sell-off), b) an adjustment by Singapore of its currency band and appreciation targets (a move widely perceived by the market as a loosening as Singapore's monetary policy is mostly expressed through the island-state's currency regime), c) Thailand, Malaysia and the Philippines all announced various fiscal stimulus initiatives, d) Australia cut interest rate 25bp, etc...

Of course, the elephant in the room remains China—and here, MWG does not believe that Beijing is ready to re-open the spigots. Indeed, MWG notes that one brave municipality, Foshan in the booming province of Guangdong, attempted to ease up on property restrictions earlier this month—a move that was reversed in less than a day, presumably after a disapproving call from some higher power. Clearly, "the mountains are not that tall and the emperor is not that far away" right now! Moreover, CPI for October was still an uncomfortably high 5.5% YoY in spite of the now pronounced slowdown in housing and the past 18 months tightening. Thus, while inflation has cooled off from its mid-summer peak of +6.5% YoY, price trends do not yet appear stable enough for policy-makers to embrace massive reflationary policies. At best, and as seems to now be occurring, China's policy makers will stop pressing hard on the brakes.

Having said this, MWG nonetheless finds it very encouraging that China has continued to guide the RMB higher (and note the fund's growing exposure to dim-sum bonds). This willingness to embrace a stronger RMB should limit the downside for the rest of the Asia ex-Japan currency universe. This, combined with broader relative policy options to boost growth in Asia as the West wobbles, should start to support the region's assets. In that regard, moving back to an overweight position on Asian equities (including Japan) is starting to make sense. And as a result, the fund has been gradually following the market's momentum and increasing exposure to both Asian equity markets and currencies.

### Portfolio facts & fees <sup>1</sup>

|                  |            |
|------------------|------------|
| APIR code        | HFL0014AU  |
| Unit price       | \$0.949834 |
| Management costs | 1.93% p.a. |
| Performance fee  | Nil        |
| Buy/Sell spread  | Nil        |

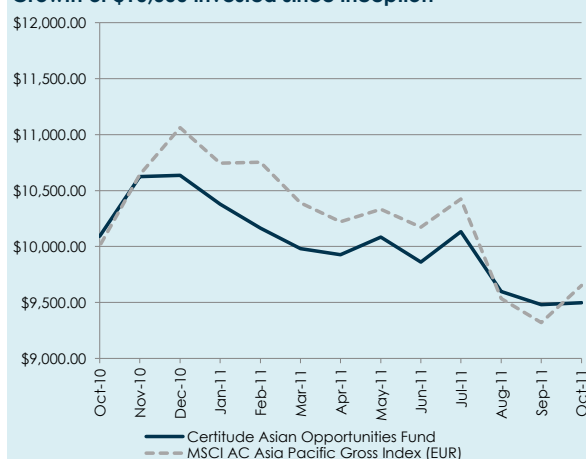
|                          |                 |
|--------------------------|-----------------|
| Inception date           | 12 October 2010 |
| Portfolio value (\$M)    | \$2.70          |
| No. of equity securities | 93              |
| No. of bond securities   | 24              |
| Income distribution      | Annual, 30 June |
| Liquidity                | Daily (4/1)     |

### Performance <sup>2</sup>

|                      | CAOF<br>%     | MSCI AC<br>Asia<br>Pacific<br>(EUR)<br>% | MW<br>GAOUF<br>(UCITS A)<br>% | MSCI AC<br>Asia<br>Pacific<br>(EUR)<br>% |
|----------------------|---------------|--|-------------------------------|--|
| 1 month              | 0.17          | 3.58                                     | -0.22                         | 3.58                                     |
| 3 months             | -6.26         | -7.39                                    | -7.02                         | -7.39                                    |
| 6 months             | -4.31         | -5.55                                    | -5.76                         | -5.55                                    |
| 12 months            | -5.88         | -3.54                                    | -8.66                         | -3.54                                    |
| 2 years p.a.         | N/A           | N/A                                      | 7.07                          | 7.99                                     |
| 3 years p.a.         | N/A           | N/A                                      | 15.92                         | 11.70                                    |
| 5 years p.a.         | N/A           | N/A                                      | 6.46                          | -0.89                                    |
| 7 years p.a.         | N/A           | N/A                                      | N/A                           | N/A                                      |
| 10 years p.a.        | N/A           | N/A                                      | N/A                           | N/A                                      |
| Since inception p.a. | -4.77         | -3.30                                    | 5.79                          | -0.87                                    |
| Volatility p.a.      | N/A           | N/A                                      | 14.40                         | 15.97                                    |
| Positive months      | 46.15         | (6)                                      | 55.71                         | (39)                                     |
| Negative months      | 53.85         | (7)                                      | 44.29                         | (31)                                     |
| <b>Total</b>         | <b>100.00</b> |  | <b>100.00</b>                 |  |

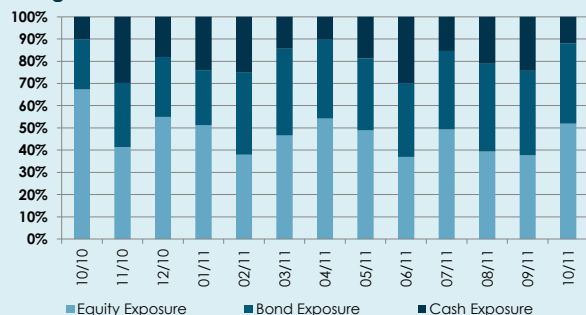
Past performance is not a reliable indicator of future performance.  
Source: Certitude Global Investments Limited, Morningstar.

### Growth of \$10,000 invested since inception <sup>2</sup>

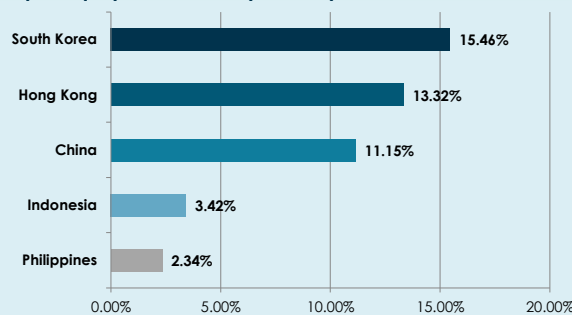


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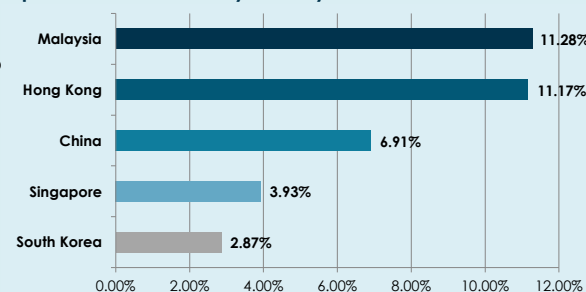
### Rolling 12 month asset allocation <sup>3</sup>



### Top 5 equity allocation by country <sup>3</sup>



### Top 5 bond allocation by country <sup>3</sup>



### Top equity positions & country <sup>4</sup>

| Top 10 equity positions        | Weight % | Country   |
|--------------------------------|----------|-----------|
| CK Infrastructure Holdings Ltd | 2.17     | Hong Kong |
| Power Assets Holdings Ltd      | 2.11     | Hong Kong |
| Lenovo                         | 1.73     | China     |
| Hyundai Motor Co.              | 1.49     | Korea     |
| Li & Fung                      | 1.48     | Hong Kong |
| HYUNDAI MOBIS                  | 1.47     | Korea     |
| China Mobile                   | 1.37     | China     |
| KIA MOTORS CORPORATION         | 1.30     | Korea     |
| Indo Tambangraya Megah PT      | 1.29     | Indonesia |
| Link REIT                      | 1.27     | Hong Kong |

### Fund ratings



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### Further information

Please contact 1300 30 90 92 or visit the website at [www.certitudeglobal.com.au](http://www.certitudeglobal.com.au) for further information.

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### Disclaimers

- Total management costs include 1.54% p.a. management fee, 0.10% p.a. administrative fee and 0.29% p.a. administration costs of the MWG Fund in which the Fund invests. Costs incurred by the 0.29% p.a. MWG Fund administration costs are reflected in the price of units in the MWG Fund. Income is distributed annually for the period ending 30 June each year where income is available.
- CAOF returns to 31 October 2011 assume distributions are reinvested and are net of all fees.  
The inception date of the underlying fund ('MWG') is 11 January 2006  
The MSCI AC Asia Pacific Gross EUR is provided as a reference only.
- Allocations are for the underlying fund, are current as at the date of this report and are not necessarily indicative of future strategy allocations. Equity Allocations include index positions.
- Positions are reflected on a net basis and excludes non-equity and index positions.  
Further details of CAOF can be found on the website at [www.certitudeglobal.com.au](http://www.certitudeglobal.com.au).

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