

## Midas Global Absolute Return Fund

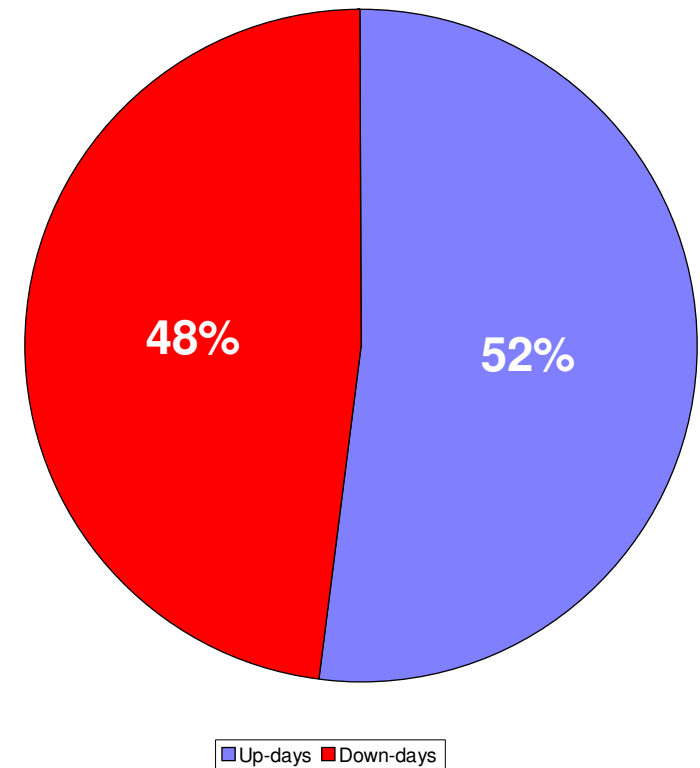
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25th January 2012

# Re-cap of 2011 Equity Market

- World markets fell by 6/7% on average- yet Q4 was the best performing quarter in decades (up 10%)
- The equity market rose 52% of the time in 2011, yet ended the year in the negative!!
- Sell offs aggressive/ Down-days very damaging/ Correlation within the market is high
- Average loss on the 20 worst trading days in the year → 2.2% ( nearly 10% of the trading days in 2011 lost more 2%)

**FTSE World Index Performance 2011  
Updays/ Downdays**



# Absolute Return Investing in 2011

## OBJECTIVES

- Positive returns over the long term
- Diversification benefits from existing long only equity/bond exposure
- Lower volatility of returns
- Downside protection in falling markets

## SECTOR RESULTS

1. 65% of absolute return funds posted a negative return in 2011
2. Volatility was c6% to 9% on average
3. Average Return of IMA Absolute Return Sector in 2011:  
**Negative 2%**

# Midas Global Absolute Return Fund in 2011

- ❑ **Overall Performance:** The Midas Global Fund was one of the top 5 performing absolute return funds in the UK/Ireland in 2011, out of 140 funds, with a positive return of 9.5%
- ❑ **Down Days Protection** It provided a positive return on 7 of the 10 worst trading days in 2011 for the equity market reflecting the strength of its strategy.
- ❑ **Low Volatility:** Volatility was just 8.3% over the past year, running at 35% of the overall equity market.
- ❑ **Diversification Benefits:** Fund shows a correlation of just 0.31 to the FTSE world index over the past 12 months, illustrating strong diversification benefits

# Midas Global Absolute Return Fund

## Investment Objective

- › The Midas Global Fund targets positive absolute returns ( **8-10% ann. gross of fees**) with low volatility over the long term.

## Strategy

- › Active long/short equity investment strategy blended with high portfolio cash positions
- › The fund uses a combination of proprietary developed technical systems, developed over 8 years, and macro analysis for market positioning and stock selection
- › A minimum of 30% of the fund is held in cash to reduce volatility and provide investors liquidity in all market conditions.

## Structure

- › UCIT III Structure
- › Administrator and Custodian – Northern Trust
- › Daily Dealing
- › No Redemption Charges

# Midas Global Absolute Return Fund

**“This week the Bloxham Global Absolute Return Fund reported a 9.5% return in 2011, thanks to judicious long and short equity positions suggested by technical indicators and a minimum 30% holding in cash.**

**It even made a positive return on 7 of the worst 10 trading days in the year, reducing its volatility to 8.3% against a market average of between 15% and 20%.**

**It is, however, the exception to the rule.. More than 60% of absolute return funds failed to produce a positive return in 2011. ”**

**- Financial Times (January 7th 2012)**

# Midas Global Absolute Return Fund

## Investment Process

- › 70% Driven from Midas Proprietary Technology- developed over the past 10 years
- › 30% Macro/Fundamental Awareness- strong quantitative overlay

## Portfolio Construction & Management

- › Active long/short equity investment in between 25 and 40 positions blended with high cash holdings.
- › Maximum 30% long or short in any period.
- › System identifies range of “high conviction” long/ short opportunities across 2000 stocks and sectors
- › System runs constant risk/reward on every possible trade which the Fund considers

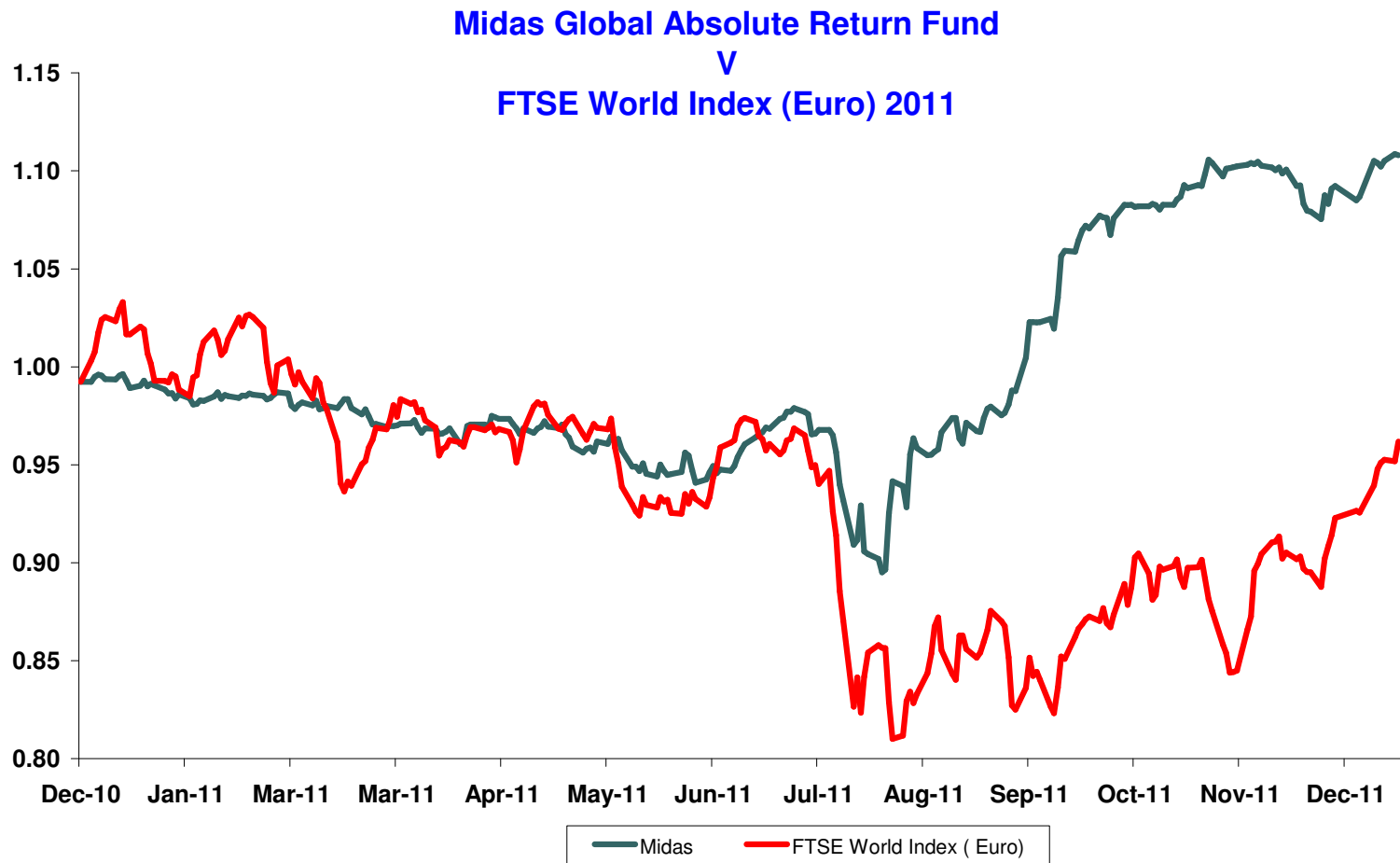
# Midas Global Absolute Return Fund- Overview of Technology

- ❑ Carries out a comprehensive overnight search to find extreme technical situations
- ❑ Covers 2000 stocks and sectors globally
- ❑ The purpose of this search is to.....
  - Detect the technical movements in markets/stocks
  - Detect stocks/sectors in Oscillation
  - Detect stocks/sectors in Trend
  - Particularly the crucial movement from Price Oscillation to Trend
- ❑ Identify periods of HIGH conviction in the market

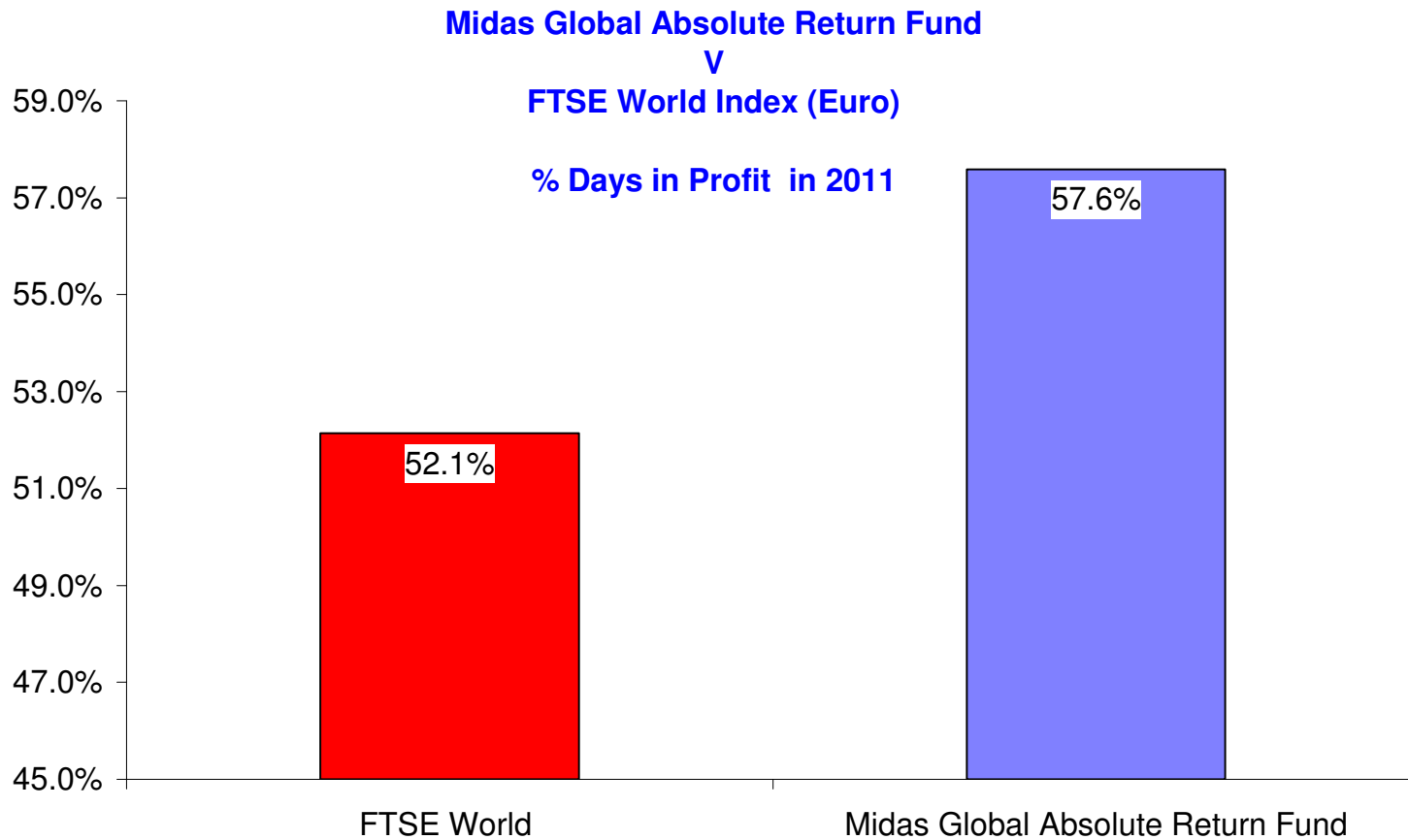
## System Output Extract

<u>NAME</u>	<u>Calls</u>	<u>Profitable</u>	<u>Average Return</u>
France Telecom	6	5	+3.7%
Google	6	5	+4.4%
Linde	4	4	+4.5%
GoldCorp	5	1	-1.6%
SSAB	6	1	-3.2%

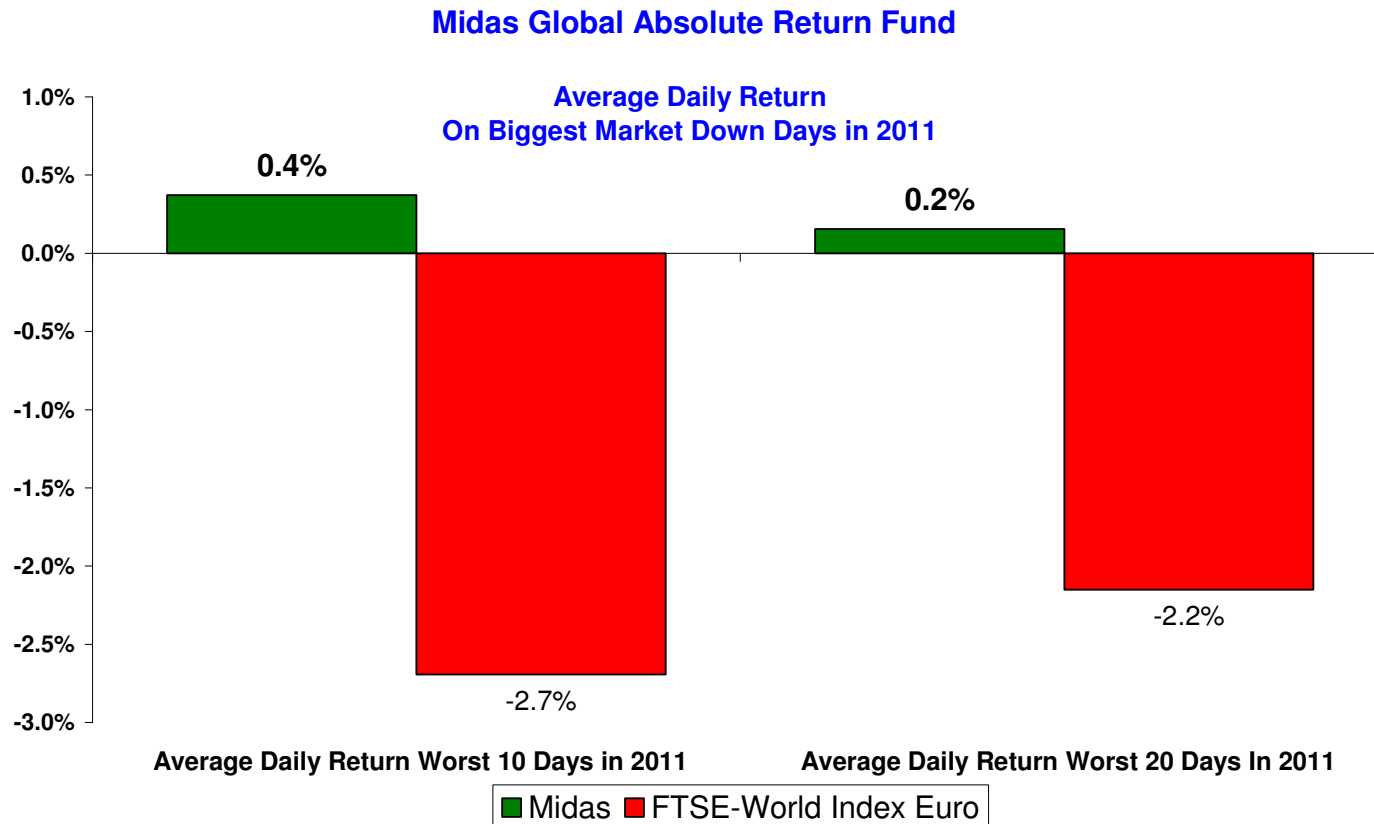
# Midas Global Absolute Return Fund- Performance



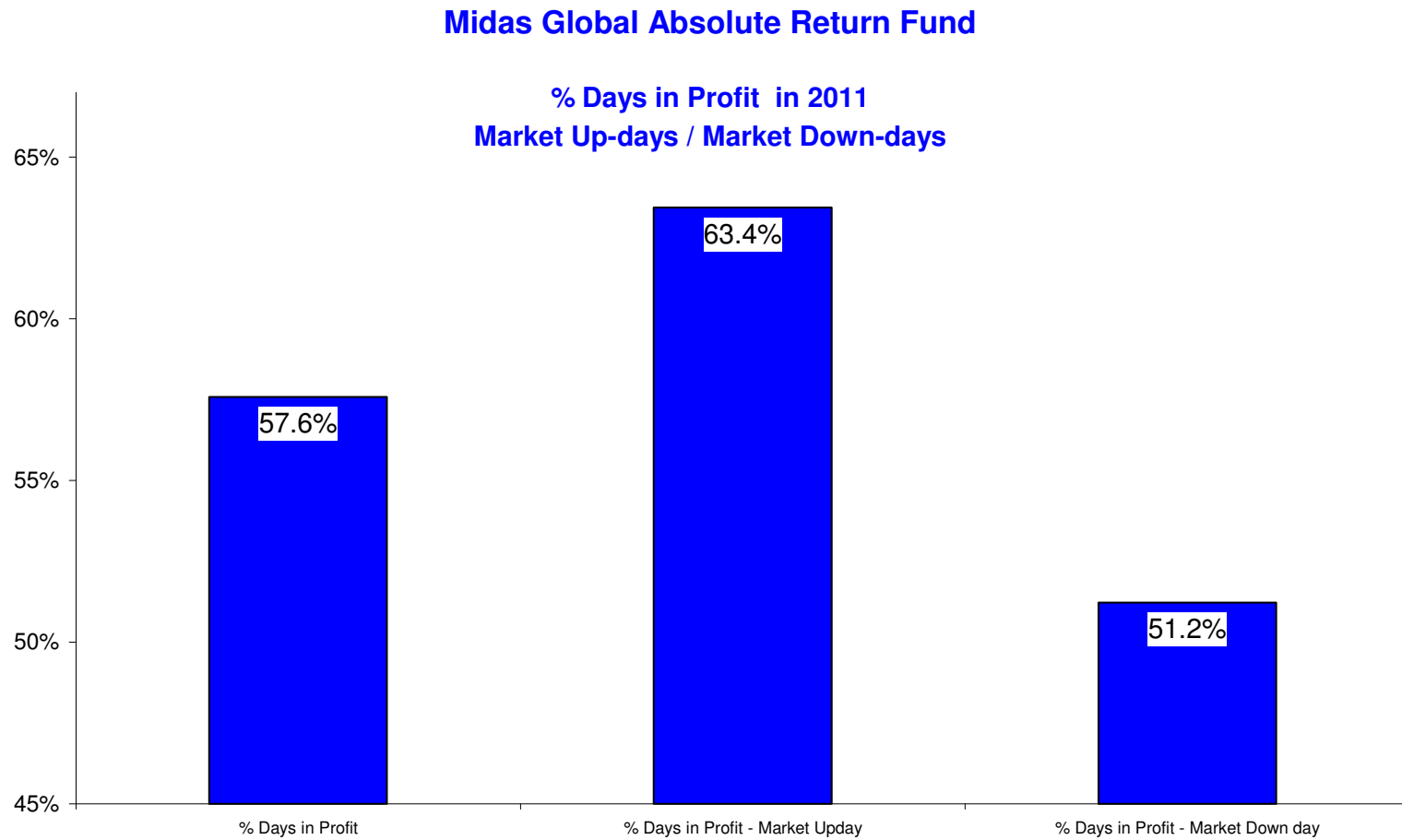
# Midas Global Absolute Return Fund- Performance



# Midas Global Absolute Return Fund Downside Performance



# Midas Global Absolute Return Fund Performance Attribution



# Midas Global Absolute Return Fund- Performance

Rank	Fund	Manager	12 Month Per
1	MFS Meridian Absolute Return A1 EUR	MFS Meridian Funds	16
2	Bloxham Midas Global Absolute Return Ret	Bloxham Stockbrokers	10.9
3	Old Mutual Global Equity Absolute Return A GBP	Old Mutual Dublin Funds plc	9.8
4	Liontrust European Absolute Return Ret	Liontrust Fund Partners LLP	9.1
5	Cazenove Absolute UK Dynamic P1 Acc GBP	Cazenove Invest Fund Mgmt Ltd	8.8
6	BlackRock European Absolute Alpha P Acc	BlackRock	8.3
7	Cazenove UK Absolute Target P1 GBP	Cazenove Invest Fund Mgmt Ltd	8.3
8	CF Eclectica Absolute Macro A GBP	CF Eclectica Asset Management	8.2
9	Ennismore European Smaller Companies EUR	Ennismore Smaller Cos PLC	8.2
10	Ignis Argonaut European Absolute Return	Ignis Asset Management	7.4
11	Nordea 1 Stable Return BP EUR	Nordea	6.2
12	BlackRock Strategic Funds European Opportunities Absolute Return A2	BlackRock (Luxembourg) S.A.	4.3
13	JB EF Absolute Return Europe B EUR	Swiss&Gbl Asset Mgt (Lux) S.A.	4.3
14	Kames UK Equity Absolute Return Ret	Kames Capital	4.1
15	Threadneedle UK Absolute Alpha Retail GBP	Threadneedle Inv Services Ltd	3.7
16	MFM CPI Defensive Managed A Inc	MFM	3.6
17	Stan Life Inv Global Absolute Return Strategies Ret Acc	Standard Life Investments	3.3
18	GAM Star Diversified Market Neutral Credit Acc USD	GAM Fund Management Ltd	3.1
19	L&G UK Absolute R	Legal & General UT Mgr Ltd	2.9
20	GAM Absolute Return Bond	GAM Fund Management Ltd	2.6
21	Insight Absolute UK Equity Market Neutral B1p GBP	Insight Invest Mgt (Gbl) Ltd	2
22	Newton Real Return	Newton & BNY Mellon Asset Mgmt	2
23	Insight Absolute UK Equity Market Neutral B1p GBP	Insight Invest Mgt (Gbl) Ltd	2
24	CF Octopus Absolute UK Equity A Acc	Octopus Investments	1.7
25	Premier Defensive Growth Ret Acc	Premier Asset Management	1.4
26	JPM Highbridge Statistical Market Neutral A Acc	JP Morgan Asset Management UK	1.3
27	LO Funds - 1798 Optimum Trend (EUR) R	Lombard Odier	1.3
28	Schroder ISF Asian Bond Absolute Return A Acc NAV USD	Schroder Investmt Mgt(LUX)S.A.	1.2
29	SWIP Absolute Return Bond A Acc	SWIP	1.2
30	Schroder ISF Asian Bond Absolute Return A Acc NAV USD	Schroder Investmt Mgt(LUX)S.A.	1.2

**Midas ranks 2nd out of 140 Absolute Return Funds in UK/Ireland- 12 Month Performance**

# Midas Global Absolute Return Fund- Performance

FundName	Alpha	DownsideRisk	Sharpe	Sortino	Correlation With FTSE World
Midas	11.68	5.35	0.59	3.91	0.29
GARS	4.02	5.61	0.05	0.20	0.64
BNYMellon- Real Return	3.47	9.77	0.00	-0.69	0.74
FTSEWorld	0.00	12.20	-0.01	-1.95	

- Best Alpha – performance against the market adjusted for risk
- Best Downside Risk – strongest protection in bad markets
- Best Sharp- risk adjusted return
- Best Sortino – a measure of returns when risk is taken on
- Lowest Correlation- greatest diversification benefits against long only strategy

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