

August 2011

Estlander & Partners Alpha Trend Monthly Report



ESTLANDER
& PARTNERS

MONTHLY REVIEW

The strategy posted a solid performance during a turbulent August as investors continued to do what they had been doing during the previous weeks: selling riskier assets, such as equities, and buying safer ones, such as bonds and precious metals. One of the most alarming developments during the month was in the credit market, where insurance on the debt of several major European and US banks has now hit historic levels, in some case even higher than those recorded during the financial crisis three years ago. The alarm signals of the credit markets are now indicating that a more severe crash than the one triggered by the collapse of Lehman Brothers could be on the way and this underscores fears that the world is now a risky place. The burden of ensuring economic growth and sustainability is increasingly being placed on elected fiscal authorities, authorities that are politically paralysed regarding decision making and also part of the reason why the developed world is moving ever closer to a new recession.

Equities was the best performing segment, where short positions gained ground. The Swiss market index was the top performer. Gold was the overall best performing market as long positions profited from rising prices. Central banks have been topping up their gold reserves, quadrupling their total purchases from the market in the last quarter as they seek to reduce their dependence on traditional reserve currencies such as the US dollar. Also emerging market central banks have been diversifying their foreign-exchange reserves, which have grown along with their export industries. In the agricultural segment markets pushed higher on fundamental supply and demand concerns during the second half of the month and the strategy started taking positions based on this new trend.

Also the bond segment posted solid gains as yields fell throughout the curve, driven by fears of a double-dip recession on both sides of the Atlantic and a European banking crash. The panic flight to safety has now pushed the yield on 10-year US Treasuries below 2% for the first time in American history, exceeding the extremes of the Lehman crisis and the banking crash of the 1930s. Also German yields are close to the 2% level and Switzerland's 3-month rates have turned deeply negative. As inflation is running much higher, investors are facing the big challenge of a negative real yield both from investments in short rates but now also from investing in long rates in many of the strongest and safest industrial states. This combined with whipsawing equity markets is having a dramatic influence on returns on traditional investment portfolios and more and more investors are diversifying out of equities and bonds. Demand for commodities remains on an uptrend due to the strong underlying fundamentals and commodity currencies are seeing the same interest.

STRATEGY DESCRIPTION

Alpha Trend is a CTA program capitalising on price trends in multiple markets. Alpha Trend has 20 years of verified track record and a solid annualised return of 14% (12/2010) with no negative years. The investment decisions of the programme are 100% systematic and focus on generating high returns that are uncorrelated to traditional investments and have a low correlation to other CTAs. The programme uses a unique combination of level identification and trend filtering in order to identify solid trends. The 70+ exchange traded futures markets within the portfolio are traded both on the long and the short side. The programme applies a prudent risk management method conducted on several layers of the investment process. Ongoing research seeks to maintain the profitability on a high level and adapt the programme to changing circumstances.

CONTACT INFORMATION

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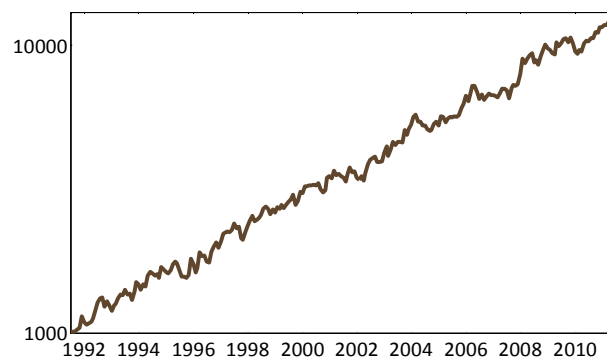
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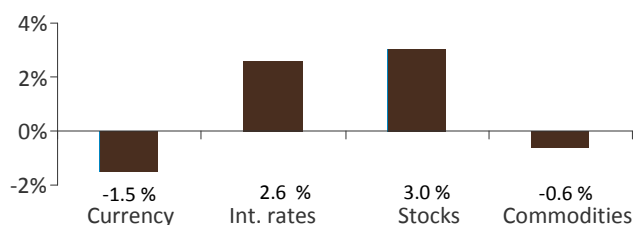
Alpha Trend

August	YTD
3.56 %	-2.37 %

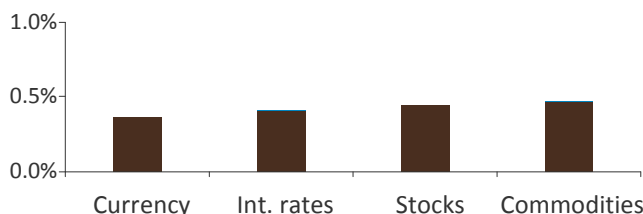
PROGRAMME PERFORMANCE



SECTOR ATTRIBUTION % LAST MONTH



AVERAGE SECTOR VALUE AT RISK % LAST MONTH



PERFORMANCE AND KEY FIGURES

Since inception	1033%
Ann. Return	13.0%
Sharpe Ratio	0.71
Sortino Ratio	0.85
Standard deviation last 12 months	12.65%
Strategy Assets (M\$)	769
% Winning Months	59%
% Losing Months	41%
Return last 12 months	6.8%

*All figures are net of fees

MONTHLY RETURNS – ESTLANDER & PARTNERS ALPHA TREND

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2011	-0.39 %	1.94 %	0.14 %	3.27%	-8.13%	-0.79 %	-1.51 %	3.56 %					-2.37 %
2010	-6.29 %	-2.08 %	2.84 %	-0.82 %	6.39 %	2.62 %	-0.88%	2.68 %	0.09%	5.30%	-1.20%	5.03%	13.71 %
2009	-3.02 %	-1.40 %	-2.49 %	-0.96 %	10.31 %	-2.87 %	1.29 %	3.99 %	0.87 %	-2.90 %	3.26 %	-4.14 %	1.05 %
2008	8.35 %	13.86 %	-4.08 %	4.21 %	2.02 %	2.20 %	-6.98 %	1.63 %	-3.74 %	7.01 %	5.30 %	4.57 %	37.87 %
2007	0.07 %	-0.40 %	-1.33 %	3.00 %	3.78 %	0.11 %	-0.98 %	-6.04 %	8.04 %	2.66 %	-0.59 %	1.19 %	9.30 %
2006	6.69 %	-4.25 %	5.07 %	7.86 %	0.05 %	-5.05 %	-5.35 %	3.70 %	-3.87 %	2.27 %	2.33 %	-1.21 %	7.30 %
2005	-2.92 %	7.53 %	-0.52 %	-4.16 %	3.16 %	0.93 %	-0.32 %	0.88 %	-0.63 %	1.22 %	6.36 %	3.27 %	15.10 %
2004	3.43 %	6.74 %	1.71 %	-5.25 %	-0.23 %	-3.06 %	0.32 %	-3.48 %	-0.87 %	0.67 %	5.06 %	1.70 %	6.20 %
2003	7.16 %	5.21 %	-7.48 %	5.05 %	6.43 %	-2.16 %	2.18 %	0.09 %	-0.57 %	10.37 %	-3.71 %	4.89 %	29.30 %
2002	-4.60 %	-2.22 %	3.14 %	-3.29 %	6.27 %	7.14 %	3.62 %	1.49 %	1.43 %	-4.42 %	-0.43 %	1.11 %	8.70 %
2001	1.15 %	-1.61 %	5.97 %	-3.40 %	1.26 %	-1.81 %	-1.45 %	-2.89 %	5.99 %	5.30 %	-3.57 %	0.72 %	5.10 %
2000	-1.02 %	5.19 %	-0.01 %	0.73 %	0.31 %	0.41 %	-0.71 %	1.85 %	-4.50 %	-2.70 %	1.79 %	10.78 %	11.90 %

Figures since 1991 available at www.estlanderpartners.com

There is no guarantee of trading performance and past or projected performance is not a guarantee nor necessarily an indication of future results. Monthly returns purely reflects the performance in the Alpha Trend investment programme. Returns in different funds applying the Alpha Trend investment programme may vary based on e.g. base currency, investment timing and fee differences.

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