

September 2011

Estlander & Partners Alpha Trend Monthly Report



ESTLANDER
& PARTNERS

MONTHLY REVIEW

The strategy managed to post a solid positive performance in an otherwise turbulent market environment. Long US dollar positions led the way accompanied by long bond and short equity positions. The strategy started the month with short US dollar positions but quickly switched to long positions and started capitalizing on a stronger dollar. The month of September also started with long commodity positions and these were closed as the market reversed down and new short positions were entered. Hence the portfolio ended the month with an even more risk averse overall positioning. This positioning is in line with the current market sentiment, i.e. the sovereign and banking stresses in Europe have created an increased sense of risk aversion among businesses and consumers. These are the most serious risks now confronting the world economy and while it is clear that decisions cannot wait until the crisis gets more severe, we are still far away from a resolution that will have a meaningful impact. Economic growth is also a concern as macro data across a wide range of markets has been deteriorating for a number of months.

Banks are being hit very hard by the current situation, as funding has frozen and the banking system is not really working at the moment. The costs of insuring bonds are sky rocketing and observers are worried that the funding freeze for the banking industry is going to continue and perhaps worsen heading into 2012. This will have serious repercussions. Analysts estimate that the banks face a mountain of debt, totalling nearly €800 billion that comes due in 2012. Much of that will need to be replaced with new debt and if banks can't raise this, they might have to shrink their balance sheets by holding in on lending or selling assets which will cause further pressure on financial assets.

The best performing segment was the FX segment where long US dollar positions gained ground. The best performing market was the Mexican peso where short positions profited and the strategy also capitalized well on a weaker euro and British pound. In the fixed income segment it was the long end of the curve that generated profits, as investors moved further out on the curve in order to increase returns. Short rates do not have much room to move anymore, but in the long end there is still room for lower interest rates if the risk averse climate continues. The most challenging segment was commodities where losses from long positions in agricultural markets erased some of the profits made in other market segments. Overall there seem to be trends in the current global market space on a broad front, which should be favourable for the return of the strategy during the coming months.

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

Estlander & Partners Ltd.

Pohjoisesplanadi 25 B 2 fl., FIN-00100 Helsinki, Finland

Tel. +358 20 7613 300, Fax. + 358 20 7613 329

E-mail: info@estlanderpartners.com

jesper.nyberg@estlanderpartners.com +358 20 7613 313

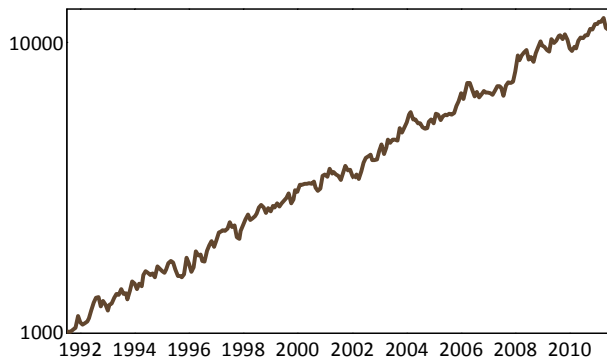
martin.estlander@estlanderpartners.com +358 20 7613 327

www.estlanderpartners.com

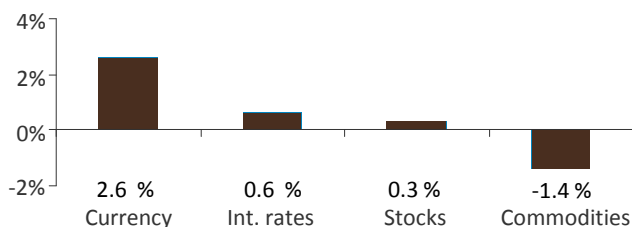
Alpha Trend

September	YTD
2.14 %	-0.28 %

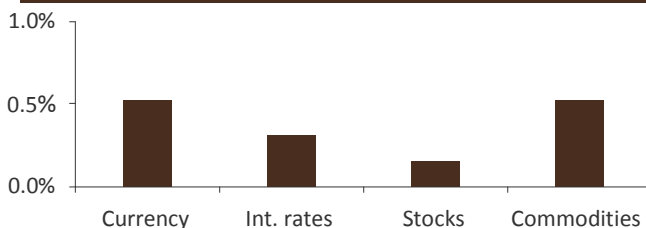
PROGRAMME PERFORMANCE



SECTOR ATTRIBUTION % LAST MONTH



AVERAGE SECTOR VALUE AT RISK % LAST MONTH



PERFORMANCE AND KEY FIGURES

Since inception	1057%
Ann. Return	13.0%
Sharpe Ratio	0.72
Sortino Ratio	0.86
Standard deviation last 12 months	12.72%
Strategy Assets (M\$)	752
% Winning Months	59%
% Losing Months	41%
Return last 12 months	9.0%

*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 %	2.14%				-0.28 %
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.

This document is not an invitation to make an investment in any product managed or advised by Estlander & Partners Ltd nor does it constitute an offer for sale of any such product. This document has been prepared for circulation to persons reasonably believed to be within one of the exemptions contained in the Investment Fund Act (48/1999, as amended) in Finland ("professional investor") or to whom this document may otherwise lawfully be communicated to give preliminary information about the investment strategies described herein. None of the services or other matters described here should be taken as an offer or solicitation of those services or other matters in any jurisdiction where such an offer or solicitation is not permitted under applicable legislation.