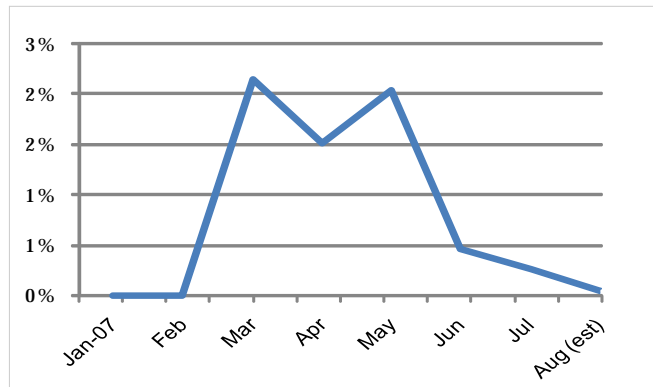


ALTERNATIVES



Fund's monthly performance in USD (rolling returns)

Source: Plenum Specialized Commodity Fund

THE PLENUM SPECIALIZED COMMODITY FUND

Focus: • Fund of funds comprises allocations to the shipping and freight sector, energy distillates + uranium, electricity, water +commodity softs - grains and base metals

Strengths: • Competitive in terms of asset allocation

- Underlying sectors exhibit "de-correlation" as opposed to the broader financial markets
- Majority of the fund's allocations are in physical instruments

Weakness: • Capacity constraint at individual manager level

- **Short term perspective** - universe of skilled managers operating in the space is fairly confined)
- **Long term perspective** - electricity and shipping –related investment capacity may not be scalable)

Opportunities: • High barriers to entry - expertise and skills, experience required to manage funds in these sectors

Threats: • Peculiar to these sectors (shipping, commodities, energy) is that they have essentially been driven by "physicals" – ie driven by supply and demand issues. Hence an "abundance in activity" triggered by the entry of large financial institution players could pose a challenge

Risk Management

Low Low / Moderate Moderate Moderate to High High

- Main risk at fund level: **Currently concentration risk**
- Ability identify specialised funds:
- Ability to secure capacity with specialised niche funds:
- Due diligence Skills:
 - Monitoring:
 - Detecting style drifts:



- Portfolio construction: **Opportunistic and concentrated**
- Targeted volatility: **Since inception: 3.5%; (max. allowed: 8%)**
- Leverage used: **None at portfolio level**
- Counterparty risk:
- Currency risk: **(all investments are in USD)**
- Key man risk:



Performance Parameters

Low Low / Moderate Moderate Moderate to High High

- Portfolio comprises: **Currently 7 managers – it will be scaled up to 12**
- Diversification achieved:
 - Geographic: **Global investment universe**
 - Sectors (approx.) **Shipping& freight 35%; Electricity Nordic &US: 27%, Energy 11, Commodities 16% and Water 12%**
 - By types of instruments traded/invested: **futures, forwards, options, physical, swaps, equities**
 - Avg. duration of underlying instrument traded/invested: **1day to 12months+**
 - Underlying liquidity: **quarterly**

- Portfolio that can be traded on the primary market: **Majority**
- Time required to unwind the portfolio: **shipping related expose: about 1 month; the rest is very liquid**

Outlook

- Barriers to entry: **High. Sector specific expertise required**
- Scope for specialised commodity fof: **Upside potential**
- Scope for Plenum's specialized commodity fof: **Upside potential**

- Ability to sustain targeted performance over:
 - Next 12 months: **Realistic**
 - Next 3-5 annualised avg.: **Sustainable**
- Fund underperforms when: **Underlying manager is confronted with idiosyncratic risk that is non-diversifiable**

Investment

- Current AuM: **USD 8.7mn**
- Targeted AuM: **USD100 mn (can grow to 250mn)**
- Fund is targeted at: **Sophisticated investors**
- Fund's base currency: **USD**
- Other currencies it is available in: **Could be catered for**

- Geographic investment-led restrictions: **None**
- To optimise returns, recommended to hold for a min. of: **12 months**
- Transparency provided: **High**
- Fund's manager is regulated by : **Swiss Banking Commission (EBK)**

Contact Information:
Plenum Investments Ltd.
Portfolio Manager Haakon Haland

Telephone : +41 43 499 14 60
Email : haland@plenum.ch
Website : http://www.plenum.ch