

# Fund Optimisation Service (FOS)

## Absolute Return Portfolio



**RICHMOND**  
ASSET MANAGEMENT

### Fund Objective

FOS is a momentum-based model focused on generating absolute returns in all market conditions. It aims to achieve above market returns with low volatility by investing in the best performing markets, following their trend higher and cutting their positions when their trends turn negative through ETFs.

The service places stringent stop-losses on every position in order to protect the downside risk to the portfolio whilst running momentum charts to ascertain those markets with the greatest potential returns. The portfolio will only invest in liquid assets to ensure there is daily liquidity for its investors. It has the ability to be 100% in cash if there are no discernable trends in any of the asset classes, which it has been for 30% of the time, enabling the portfolio to enhance returns with reduced risk.

### Market Commentary

June proved to be another volatile month as the markets extended their declines during the first half of the month before rallying in the final week. The strength of the rally in that last week of the month helped reduce the losses for the month despite us holding high levels of cash for most of June. Stop-losses were broken early on resulting in us lifting our cash weighting to over 60%.

The rally at the end of the month has helped lift sentiment somewhat and we anticipate that we will be switching back into the markets relatively quickly as the general feeling has been that the sell-off has been a retest of the March lows from which they have bounced back off. Any confirmation of a new uptrend will result in us investing back into the equity markets as we look to reverse the current year's losses in the back end of the year in much the same way as we did last year.

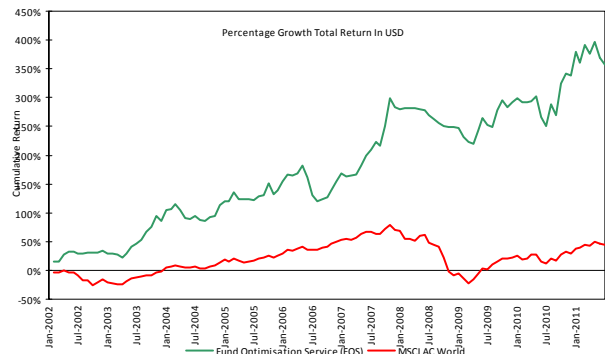
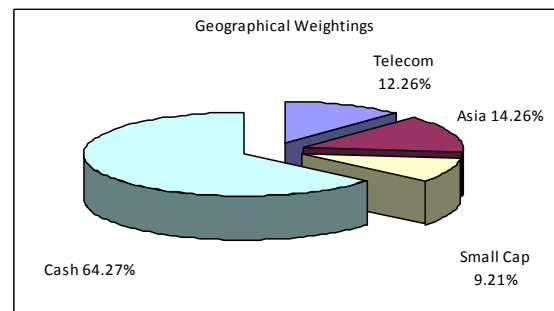
### Manager Details:

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Performance data	FOS	MSCI AC World
% growth since launch	356.7%	43.9%
% growth 2008	-8.6%	-43.5%
% growth 2009	14.8%	31.5%
% growth 2010	20.4%	10.4%
% growth YTD	-4.8%	4.5%
Annual Std Dev	17.6%	17.0%
Average Monthly Return	1.5%	0.4%
Max Monthly Gain	15.5%	11.5%
Max Monthly Loss	-11.7%	-19.9%
% Positive Period	57.9%	58.8%



### THE PERFORMANCE

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2011	-4.0%	6.9%	-3.3%	4.5%	-5.7%	-2.7%							-4.8%
2010	-1.5%	-0.1%	0.3%	2.2%	-8.9%	-4.4%	10.9%	-5.0%	15.1%	4.1%	-0.8%	9.4%	20.4%
2009	-4.5%	-2.5%	-1.2%	7.9%	5.1%	-3.4%	-0.7%	7.9%	4.8%	-3.1%	2.3%	1.5%	14.8%
2008	0.6%	0.1%	-0.1%	-0.5%	-0.3%	-2.5%	-1.6%	-2.1%	-1.6%	-0.3%	-0.1%	-0.5%	-8.6%
2007	-2.0%	0.3%	0.9%	5.7%	6.3%	3.3%	4.6%	-2.2%	10.9%	13.7%	-4.1%	-0.9%	41.3%
2006	4.3%	-0.7%	1.3%	5.7%	-7.7%	-11.7%	-4.8%	1.8%	1.7%	5.4%	5.9%	5.9%	5.3%
2005	0.0%	6.9%	-4.9%	-0.8%	0.0%	-0.1%	2.7%	0.6%	8.8%	-7.5%	3.3%	6.8%	15.6%
2004	1.4%	3.6%	-4.1%	-6.8%	-1.2%	2.9%	-3.9%	-0.9%	3.7%	1.5%	9.3%	3.5%	8.3%
2003	0.0%	-1.0%	-4.3%	5.6%	9.1%	4.4%	4.6%	9.0%	5.1%	10.7%	-4.3%	9.6%	58.6%
2002	15.5%	0.5%	9.6%	4.0%	0.0%	-1.9%	0.1%	0.1%	0.1%	0.1%	3.4%	-4.6%	28.5%

**IMPORTANT INFORMATION:** All figures are quoted gross of fees. Individual account performance in this service will vary from Custodian to Custodian due to actual dealing dates, actual dealing prices, time zones and custodian charges. The figures are based on the next available trading price following the issuance of trading instructions and are provided herein for information purposes only. The prices of securities fluctuate, sometimes dramatically. The price of a security may move up or down, and may become valueless. It is as likely that losses will be incurred rather than profit made as a result of buying and selling securities. Investors are reminded that there is no guarantee of trading performance and past performance is not necessarily a guide to future returns and the value of investments can fall as well as rise. Currency movements alone may have an affect on the value of the underlying assets. \*Source: Pertrac (V5.0). Produced using Pertrac, which is a product developed by Strategic Financial Solutions LLC.

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