



Global Currency Program (GCP)

June 2009

Summary

Our Global Currency Program (GCP) is a unique systematic strategy that generates consistent risk-adjusted returns using a large selection of over 30 currencies, including major and emerging markets. GCP has a low correlation versus other developed markets currency programs as well as other asset classes and CTAs. The hallmarks of GCP are its use of dynamic allocation to focus on the best market opportunities and its ability to build diverse portfolios by incorporating a large number of currencies.

Basic Facts:

- Diversified portfolio of over 30 currencies
- Year of Inception: 2001
- Target Annualized Return: 12-14% (net)
- Targeted Volatility: 11-13 %
- GCP Assets: \$3.2 billion

Key Benefits:

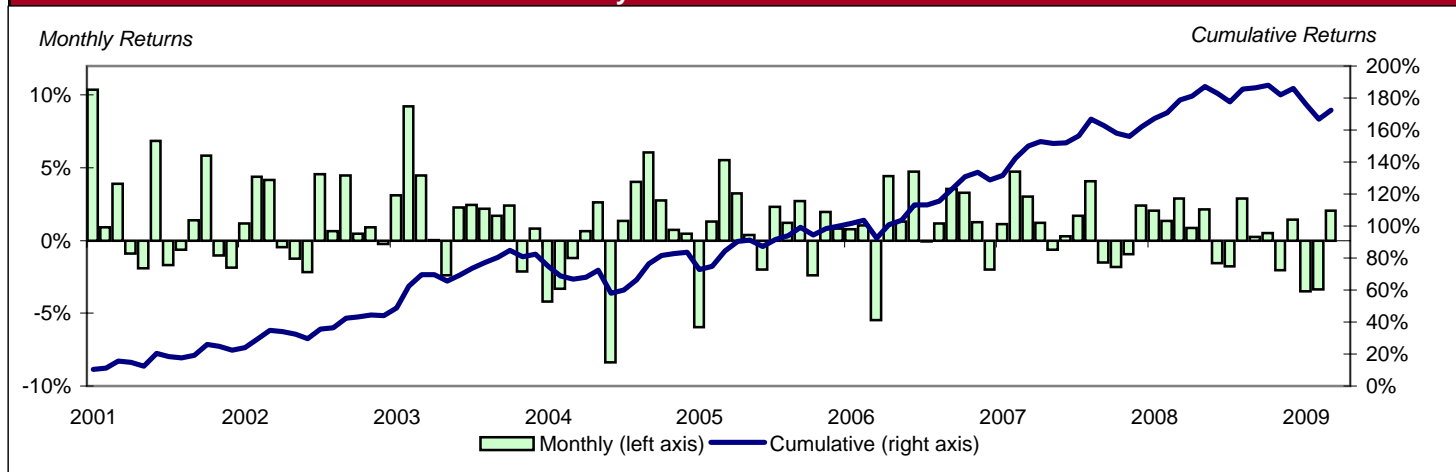
- Diversification over large number of positions
- Over 500 potential currency pairings analyzed daily
- Smart allocation techniques
- Both price and interest rate data incorporated
- Disciplined, transparent investment process

Performance¹

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual
2001			10.36%	0.91%	3.90%	-0.87%	-1.90%	6.86%	-1.66%	-0.64%	1.38%	5.84%	26.06%
2002	-1.01%	-1.87%	1.19%	4.41%	4.17%	-0.47%	-1.23%	-2.18%	4.57%	0.64%	4.46%	0.47%	13.54%
2003	0.92%	-0.21%	3.12%	9.22%	4.46%	0.05%	-2.39%	2.26%	2.44%	2.17%	1.72%	2.40%	29.01%
2004	-2.11%	0.83%	-4.18%	-3.30%	-1.21%	0.63%	2.62%	-8.37%	1.35%	4.04%	6.06%	2.75%	-1.76%
2005	0.74%	0.45%	-5.95%	1.30%	5.51%	3.22%	0.37%	-2.01%	2.31%	1.23%	2.71%	-2.37%	7.24%
2006	1.96%	0.81%	0.76%	1.03%	-5.48%	4.45%	1.32%	4.74%	-0.04%	1.20%	3.55%	3.27%	18.58%
2007	1.27%	-1.99%	1.15%	4.75%	3.01%	1.24%	-0.62%	0.31%	1.70%	4.08%	-1.49%	-1.82%	11.92%
2008	-0.92%	2.39%	2.05%	1.36%	2.89%	0.86%	2.15%	-1.57%	-1.78%	2.88%	0.25%	0.52%	11.49%
2009	-2.05%	1.45%	-3.48%	-3.35%	2.08%	0.61%							-4.79%

Annualized Return: 12.86%
 Annualized Std Deviation: 10.22%
 Sharpe Ratio: 1.00

Monthly and Cumulative Returns



¹The GCP Funded Composite contains all discretionary, fully-funded accounts in our GCP Program. Returns include interest and are presented net of actual management and incentive fees. Performance includes the reinvestment of all income. This program runs at a volatility target of 12%. Additional information regarding the policies for calculating and reporting returns is available upon request.

Past Performance is not indicative of future results.

Investment Strategy

GCP focuses on smart allocation techniques and diversification over a large number of positions – over 500 potential currency pairings are systematically analyzed daily. A key attribute of GCP is its ability to quickly transition between positions in major and emerging markets, different market regimes, (divergent versus convergent) and trading styles (momentum, carry).

The investment process occurs in three stages:

- **Stage 1: Individual Currency Forecasts**

First, our proprietary models generate currency risk and return forecasts using multi-layered, statistical analyses of historical price data and short-term interest rates. To measure risk, we use a proprietary GARCH-based technique, i.e., an analysis of historical volatility, and non-normal distribution models, particularly for emerging market currencies.

- **Stage 2: “Lensing” Process**

In the next stage, which we call "lensing", our model cross-references each of these forecasts with one another and adjusts them to account for the inter-relationship and behavior of other currencies and interest rate differentials. The model considers the relationship between simple currency pairs and more complicated relationships such as those between different baskets of related currencies. The resulting forecasts can be significantly different from those that are generated in Stage 1.

- **Stage 3: Portfolio Construction**

In the final stage we construct a dynamic portfolio using a mean variance optimizer, which takes into account the risk/return currency forecasts, portfolio volatility, currency liquidity, and the market's risk appetite. For example, the model will penalize markets with high event risk. The CIO reviews the model signals daily and has the ability to override one of the factors in the model under exceptional circumstances (e.g. the Turkish lira during the Iraq war).

List of Traded Currencies in GCP

Developed Europe

British pound	GBP
Euroland euro	EUR
Norwegian krone	NOK
Swedish krona	SEK
Swiss franc	CHF

Emerging Europe / Mid East / Africa

Czech koruna	CZK
Hungarian forint	HUF
Icelandic krona	ISK
Israeli shekel	ILS
Polish zloty	PLN
Russian ruble	RUB
Turkish lira	TRY
Romanian leu	RON

Asia

Chinese yuan	CNY
Indian rupee	INR
Indonesian rupiah	IDR
Japanese yen	JPY
Korean won	KRW
Malaysian Ringgit	MYR
Philippine peso	PHP
Singapore dollar	SGD
Taiwan dollar	TWD

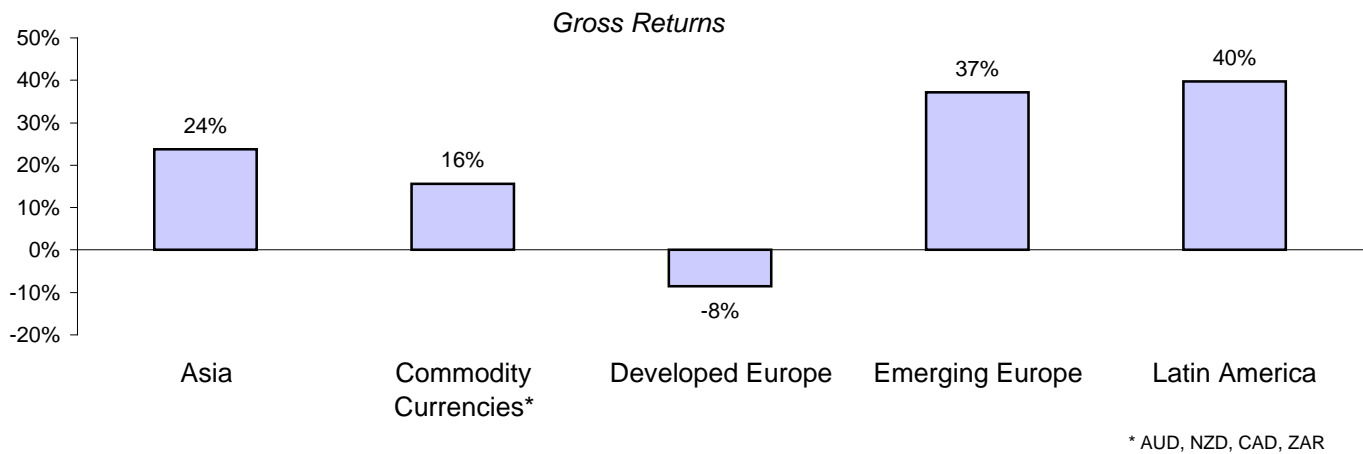
Latin America

Argentine peso	ARS
Brazilian real	BRL
Colombian peso	COP
Chilean peso	CLP
Mexican peso	MXN
Peruvian sol	PEN

Commodity Currencies

Australian dollar	AUD
Canadian dollar	CAD
New Zealand dollar	NZD
South African rand	ZAR

Cumulative Performance by Region (Since March 2001)

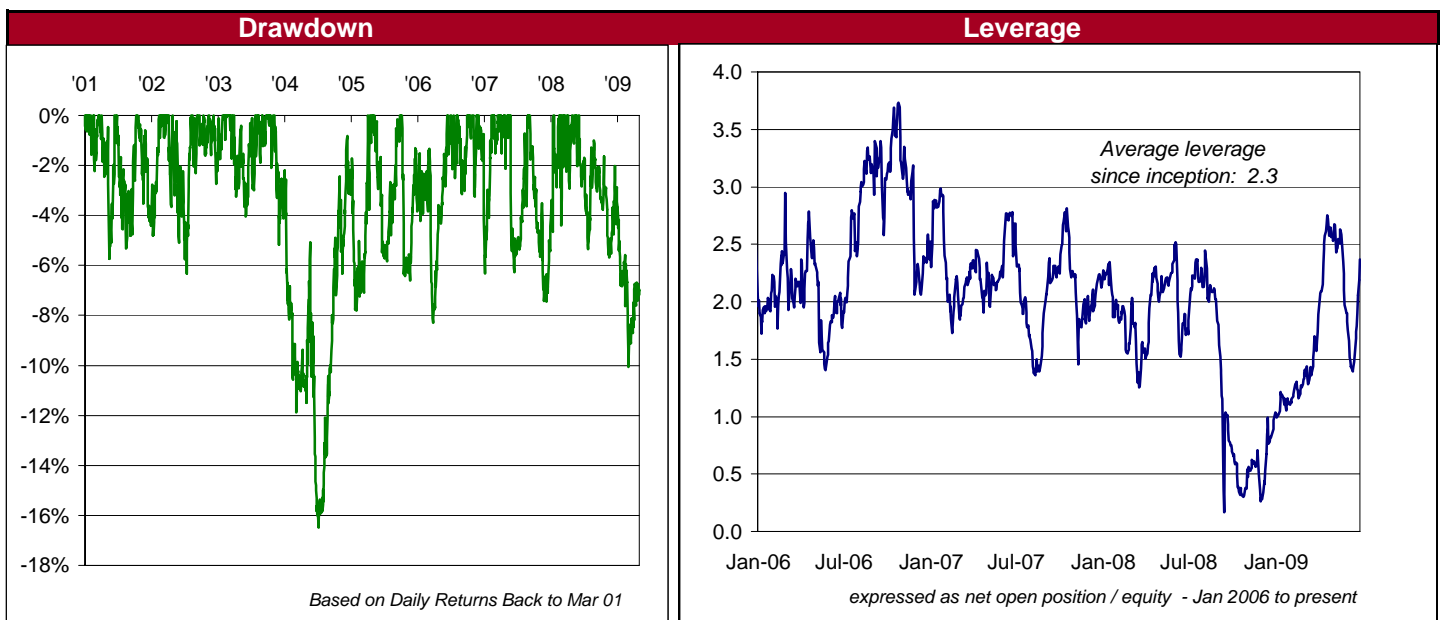


Risk Management Principles

In our mean-variance optimization process, we manage risk by placing a series of constraints on the portfolio:

1. **Volatility:** We design the portfolio to target an annual volatility of 12%.
2. **Leverage:** The sum of net open positions must not exceed 5x the portfolio's total equity.
3. **Liquidity:** The optimizer measures liquidity as “days to cover”, or the number of days required to earn back the cost of trading. As a result, our model may reduce position sizes or reject a particular currency pair completely (typically on some of the smaller emerging market currencies).
4. **Currencies:** We constrain the notional size of any individual currency in seven bands ranked by market liquidity:
 - 120% of equity: EUR, JPY
 - 60% of equity: AUD, CAD, CHF, CZK, GBP, HUF, KRW, MXN, PLN, SEK
 - 50% of equity: BRL, ZAR
 - 40% of equity: ILS, NOK, RUB, SGD, NZD
 - 30% of equity: CLP, CNY
 - 20% of equity: IDR, INR, PHP, MYR, TRY, TWD
 - 10% of equity: ARS, COP, ISK, PEN, RON

GCP also incorporates a number of advanced risk forecasting and management techniques designed to account for “event risk” and other one-off “tail” events associated with emerging markets currencies.



Correlations to Other Investment Strategies

FX Concepts Multi-Strategy Fund	0.85
FX Concepts Global Financial Markets	0.71
Credit Suisse-Tremont Hedge Fund Index	0.25
Credit Suisse-Tremont Global Macro	0.22
Credit Suisse-Tremont Managed Futures	0.32
S&P 500	0.10
EAFE	0.16
World Government Bond Index	0.01

Correlations based on returns from March 2001 - May 2009

Investment Vehicles	Minimum	Management Fee	Incentive Fee
Off-Shore Fund (Bermuda Based): <i>Concepts GCP Fund</i>	\$250,000	1.75% p.a.	20% of new net profits
On-Shore Fund (Delaware Master Trust): <i>GCP Series</i>	\$250,000	1.75% p.a.	20% of new net profits
Swap (Commingled Vehicle)	\$25 million	1.75% p.a.	20% of new net profits
Managed Accounts	\$25 million	2% p.a.	20% of new net profits

About the Manager:

Headquartered in New York City, FX Concepts is one of the world's leading foreign currency managers. Since 1988, FX Concepts has managed currencies for institutional investors through both currency overlay and absolute return strategies.

FX Concepts was founded in 1981 by John R. Taylor Jr., Chairman and Chief Investment Officer, who has over 40 years of experience in the foreign exchange markets. The company began as an advisory firm specializing in quantitative currency forecasting and providing research to major corporate and bank treasuries actively managing currency risk.

We have a long track record of innovation in currency management. In a market where diversification is limited, we have controlled risk and enhanced returns by using diverse instruments and markets, such as emerging currencies and options. Our track record in currency management confirms our belief that technical and quantitative models combined with market intelligence and experience provide consistent risk-adjusted performance.

Senior Investment Team

Name	Responsibilities	Yrs at FXC
John R. Taylor, Jr.	CEO and CIO	27
Philip Simotas	President - Head Prod. Development Comm., Port. Allocation, Model Development	15
Jonathan Clark	Head of Research & Advisory Services	24
Ryan O'Grady	Managing Director, Model Research & Development	16
Ross Thalheimer	Portfolio Manager	16
Scott Ainsbury	Portfolio Manager	10

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