PPF – G7 Yield Opportunities Fund

Riding the Yield Curve

Investment report / January 2012 / All figures as of January 27th, 2012

Facts and figures

Fund type	Luxemburg FCP, Open-end (UCITS)
Management company	Alceda Fund Management S.A., Luxemburg
Custodian bank and transfer agent	HSBC Trinkaus & Burkhardt (International) SA, Luxemburg
Fund manager	GHP Arbitrium AG, Zürich André Hämmerli, t: +41 43 344 41 06
Investment advisor	Swiss Yield AG, Wollerau, Dr. A. Trapletti
Swiss representative	PMG Fonds Management AG, Zürich
Paying agent in Switzerland	InCore Bank AG, Zürich
Auditor	PricewaterhouseCoopers, Luxemburg
USD Share Class	**USD;** HWM @ 107.71
NAV per unit	108.74
ISIN / Valoren	LU0594727553 / 12’744’071
Bloomberg	PPFYG7U LX Equity
CHF Share Class	**CHF;** HWM @ 107.05
NAV per unit	107.83
ISIN / Valoren	LU0592716442 / 12’744’070
Bloomberg	PPFYG7C LX Equity
Price publication	www.alceda.lu, www.pmg-fonds.ch
Benchmark	Bloomberg / EFFAS Government Bond Indices – G7 Market Weighting - USD
Inception date and price	April 8, 2011 at USD 100
Reference currency	USD
NAV in fund	13'962'950
Trading	Weekly, on Fridays
Cut-off time for orders	Wednesday, 5 pm Luxemburg time
Trading contact	HSBC Trinkaus & Burkhardt (International) SA, Luxemburg , t: +352 471847-350
Subscription fee	up to 5%
Redemption fee	0.25% for fund asset
Management fee	1.5% p.a.
Performance fee	15% with HWM

Top five allocations

Holdings	% NAV	Credit rating
US TREASURY N/B 28.02.2013	7.20	AAA
US TREASURY N/B 31.01.2013	7.20	AAA
US TREASURY N/B 31.12.2012	7.19	AAA
US TREASURY N/B 30.11.2012	7.18	AAA
TREASURY BILL 23.08.2012	7.16	AAA

Distribution fixed income futures portfolio

Duration		Currency	
Up to 3 years	55.9%	USD	36.5%
Up to 6 years	8.7%	CAD	3.0%
Up to 9 years	7.8%	JPY	24.2%
Above 9 years	27.5%	EUR	26.7%
Average duration	4.49 years	GBP	9.6%

Fund objective

The fund seeks to generate long-term capital gain in US Dollars by investing in the bond markets of the G7 countries. The assets are mostly invested in short-term governmental obligations. The fund is aimed at investors who wish to capitalize on the return opportunities of those bond markets, taking advantage of a highly sophisticated, efficient and structured investment approach.

The CHF share class is fully hedged against the USD.

Investment style

In addition to its investments in short-term governmental obligations, the fund takes mainly positions in fixed income futures to maximize the risk-adjusted return. Combining those short-term instruments with positions in fixed income futures, the fund’s assets are well diversified across the economic regions North America, Europe and Asia and across the yield curve, from three month up to 30 years.

The strategic positioning is to equally distribute risk over the geographic and duration matrix-segmentation.

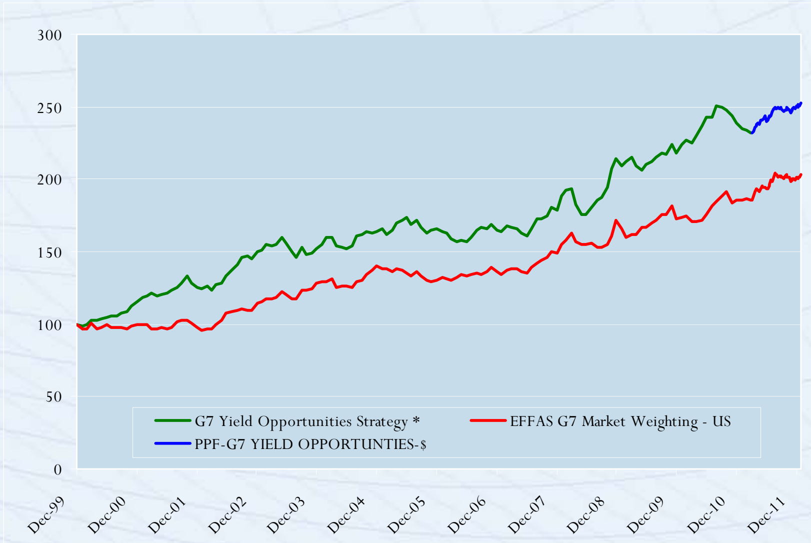
Tactically the fund uses quantitative strategies to overweight those instruments that offer the best risk-adjusted returns.

Risk management is fully integrated in the investment process to ensure that the risk parameters always remain within predefined guidelines.

Investment advisor’s comment

The fund was up 1.0% since December 30th versus the benchmark up 1.0% during the same period. 56% of the fixed income futures portfolio is invested in instruments with durations of the underlying of up to 3 years, resulting in an average duration of 4.5 years. 40% is invested in North America, 24% in Asia and 36% in Europe.

In spite of a brightened economic outlook in North America, yields remain on historically low levels allover the yield curve. The Fed keeps short term rates close to zero till 2014. The political influence on markets in Europe remains elevated. Recession risks in the south of the Eurozone have increased. The flight to safety keeps German government bond yields on record low levels. Japan remains in deflation.



* Back-tested track record, net of all fees

	2012		2011	
	Fund	Bench*	Strategy / Fund	Bench*
Jan**	1.0%	1.0%	-1.6%	-0.2%
Feb			-0.5%	0.3%
Mar			-0.6%	0.0%
Apr**			2.0%	3.8%
May			1.6%	0.3%
Jun			1.1%	0.4%
Jul			0.2%	2.5%
Aug			1.9%	2.2%
Sep			-0.1%	-1.2%
Oct			-0.2%	1.0%
Nov			-0.8%	-2.2%
Dec			1.8%	1.4%
YTD**	1.0%	1.0%	7.7%	8.2%
Since inception of the fund			8.7%	9.3%

* Benchmark: Bloomberg / EFFAS Government Bond Indices – G7 Market Weighting - USD

** in 2011 since inception of the fund (Apr 8, 2011) in 2012 since the last NAV in 2011 (30.12.2011)

Source: GHP Arbitrium AG

Investors should consider that until March 31, 2011 the above chart and table are displaying the back-tested track record, net of all fees of the underlying strategy of the fund. Since April 8, 2011 this strategy is implemented in the fund. The implementation of the strategy in the PPF – G7 Yield Opportunities Fund may cause divergences in the performance. Investors should read the risk considerations at the end of this document.