



**CrossBorderCapital**  
Implementing Insight

**Pulsar Absolute**  
*Developed Markets*

A Share Class: GBP 912.46 / USD 1,053.31

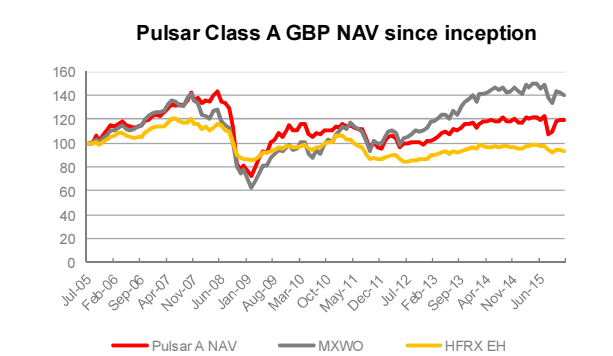
December 2015

A systematic equity fund incorporating options hedging overlays, that invests globally, allocating across developed countries, sectors, emerging markets and currencies. Its allocation is purely macro and driven by CrossBorder Capital's Liquidity research.

Monthly ROR in % *													
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC	YEAR
2005								0.46	5.99	-4.19	4.09	3.52	9.93
2006	4.62	-1.09	1.77	2.58	-3.17	-0.92	-0.53	0.84	0.82	2.57	1.73	2.28	11.87
2007	0.58	-0.50	2.85	2.59	2.26	-0.09	0.13	-0.81	3.56	4.60	-4.53	1.94	12.94
2008	-3.01	1.46	-0.66	4.01	2.24	-6.55	-0.75	-2.69	-12.76	-27.36	-4.64	3.56	-41.29
2009	-5.08	-5.48	10.55	9.53	5.96	-1.06	9.35	1.59	5.43	-2.33	4.62	3.78	41.42
2010	-3.12	-0.09	4.16	-0.06	-7.08	-2.40	3.74	-1.50	3.30	0.44	-0.04	2.67	-0.57
2011	-0.73	2.08	-1.54	0.62	-1.34	-1.22	-0.24	-6.46	-8.53	6.26	-4.56	-0.74	-15.93
2012	5.51	3.88	0.88	-1.96	-7.24	2.99	0.94	0.42	-0.07	-0.10	-1.99	3.54	6.35
2013	0.10	1.02	2.45	2.74	1.26	-2.62	4.45	-1.38	2.27	2.53	0.43	0.64	14.58
2014	-3.10	2.51	1.44	0.70	0.64	-0.57	-0.51	2.60	-2.20	0.24	1.61	-2.48	0.68
2015	-0.82	3.74	-0.54	1.12	-0.08	-1.81	2.21	-12.11	1.62	8.63	0.30	0.45	1.44

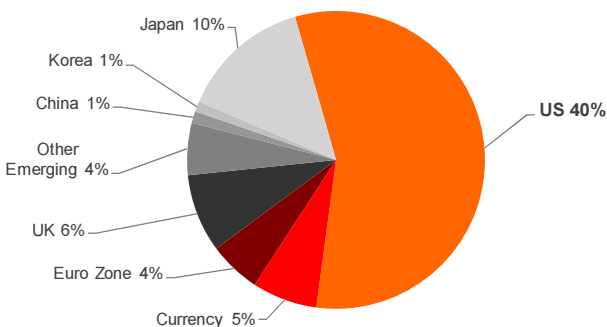
\*Note: From September 2007, the returns are of the GBP share class. Prior to that, they are of the USD share class.  
Source: CrossBorder Capital

Performance Statistics					
	1 month	Last 3 months	Year to date	Last 12 Months	Since Inception
<b>Annualised Return (%)</b>	<b>0.45</b>	<b>9.45</b>	<b>1.44</b>	<b>1.44</b>	<b>1.72</b>
HFRX Equity Hedge	-1.10	0.82	-2.36	-2.36	-0.66
MXWO	-1.87	5.10	-2.65	-2.65	3.27



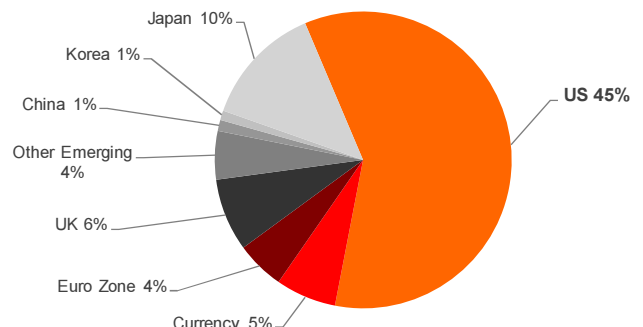
Source: CrossBorder Capital / Datastream

**Long Allocation at December 31 2015**



Source: CrossBorder Capital

**Long Allocation at September 30 2015**



Performance figures are based on the GBP share class. Returns in other share classes may vary.

**THE OFFICIAL NAV WILL BE SUPPLIED BY THE ADMINISTRATOR  
PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS**



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## Monthly Analysis

Pulsar A performed relatively well in December, returning +0.45%. By contrast, the MSCI World returned -1.87%. We managed to trade the VIX effectively in the month. In particular, we bought a large number of VIX call spreads and sold them when the VIX sharply crossed 20. We also benefitted from range-based trades on the S&P 500. Our long-biased emerging markets positions continue to weigh on performance. EM has become truly distressed, given the toxic combination of a strong dollar, the collapse in oil and copper prices and the risk of a policy error in China. If we can hang on to our EM positions while hedging extreme downside episodically, these trades should be profitable in the medium-term.

## Hedging Instruments

VIX Call Spreads, Long SPX Skew, Long-Dated ESTOXX Puts

## Investment Outlook: Risk Off ... Waiting For a Policy Change

The recurring 8/9 year pattern of market crises – 1973/74, 1980/81, 1989/90, 1997/98 and 2007/08 – threatens to repeat again in 2016. US liquidity is falling and pan-Asian liquidity remains weak. Only the Eurozone can boast strong liquidity conditions, and here the sizeable interventions of the ECB mean that the Euro will likely stay under downward pressure. Our three overriding concerns centre on: (1) the implications of still huge Chinese capital outflows (US\$146 billion for December) for the Chinese markets and Asian economies; (2) the persistent weakening in US corporate cash flow with its negative implications for credit spreads, share buy-backs and economic activity, and (3) the further risks to general market liquidity associated with the Fed's US rate hike and step-up in reverse repo activity (US\$572 billion 6th January).

## Fund Details

<b>Corporate:</b>	Cayman OEIC	<b>USD Class</b>	Bloomberg: PULAALC KY
<b>Dealing:</b>	Monthly purchase and weekly redemption (5 business days notice)	ISIN: KYG7303Y1070	CUSIP: G7303Y 10 7
<b>Minimum:</b>	USD 100,000	<b>EUR Class</b>	Bloomberg: PULAAAE KY
<b>Fees:</b>	Management Fee: 1.25% p.a.; Performance Fee: 20% of net gains over the higher of MSCI World DRI and 6m Libor	ISIN: KYG7303Y1310	CUSIP: G7303Y 13 1
<b>Administrator</b>	SEI Investments - Global Fund Services Ltd	<b>GBP Class</b>	Bloomberg: PULAAAS KY
<b>Auditor</b>	KPMG Bermuda	ISIN: KYG7303Y1237	CUSIP: G7303Y 12 3

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For the avoidance of doubt it is not intended that this fund be marketed to onshore US investors.

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