



CrossBorderCapital
Implementing Insight

Pulsar Alpha

Share Class E: EUR 539.24

February 2014

A systematic long-only equity fund 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.

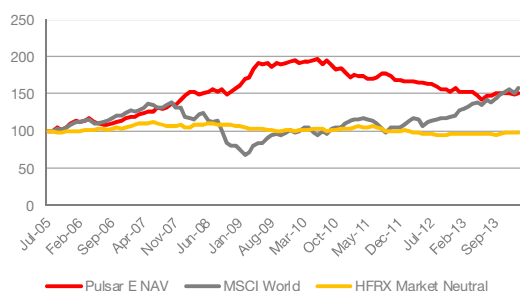
Monthly ROR in % *													
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC	YEAR
2005								-0.34	4.67	-2.56	3.96	3.99	9.89
2006	3.52	-1.37	0.99	3.64	-4.02	-1.95	-2.15	-0.26	1.58	2.05	2.43	3.06	7.41
2007	0.36	0.03	4.15	0.12	1.40	1.12	3.33	-0.94	1.33	4.35	-1.06	4.03	19.58
2008	4.94	2.50	0.12	-2.09	1.26	1.74	1.96	-2.05	1.41	-4.51	3.40	2.75	11.63
2009	2.26	5.32	1.37	6.57	4.09	-0.50	1.05	-3.20	2.94	-0.33	0.09	1.43	22.79
2010	0.63	-1.95	0.82	0.36	0.68	0.76	-3.52	3.35	-3.98	-2.81	1.05	-2.53	-7.17
2011	-3.73	1.32	-1.01	0.30	-2.11	-0.20	1.46	2.44	0.73	-2.42	-3.29	-0.09	-6.59
2012	-0.97	-0.04	0.59	-0.88	-0.91	-0.16	-0.27	-1.76	-3.18	0.85	-2.25	3.05	-5.91
2013	-2.92	-0.80	-0.01	0.53	-3.15	-3.61	3.42	-0.34	2.14	0.44	0.38	-0.01	-4.09
2014	-1.77	2.01											0.21

Source: CrossBorder Capital

Performance Statistics					
	1 month	Last 3 months	Year to date	Last 12 Months	Since Inception
Return (%)	2.01	0.20	0.21	-0.20	4.97
MSCI World	4.21	2.94	0.86	21.53	5.42
HFRX Market Neutral	0.73	1.62	1.63	2.61	-0.16

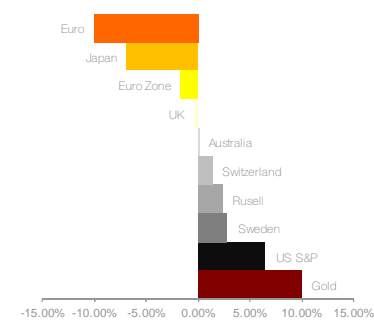
Standard Deviation (%)	8.05	15.82
MSCI World	10.76	17.03
HFRX Market Neutral	5.36	8.32
Maximum Drawdown (%)	-3.10	-47.69
MSCI World	-3.77	-55.37
HFRX Market Neutral	-1.89	-29.52
Sharpe Ratio (X)	-0.08	0.17
MSCI World	1.96	0.19
HFRX Market Neutral	0.41	-0.29
Sortino Ratio (X)	-0.14	0.17
MSCI World	1.78	0.23
HFRX Market Neutral	1.02	-0.34

Pulsar Class E NAV since inception



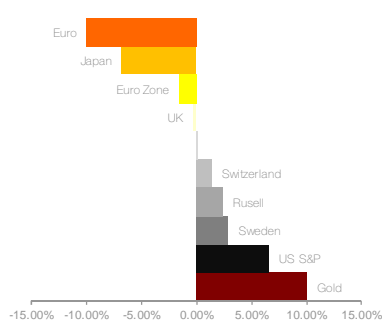
Source: CrossBorder Capital / Datastream

Long Allocation at January 31 2014

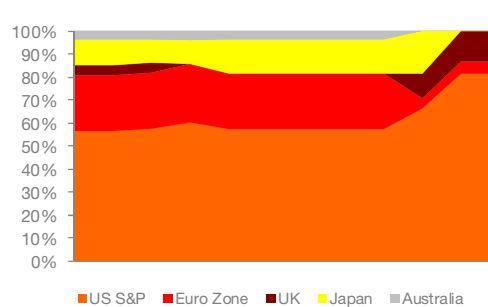


Source: CrossBorder Capital

Long Allocation at October 31 2013



Developed Market Allocation Past 12 Months



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Monthly Analysis

Pulsar E returned +2.01% in February. Our positions were very modest, with the Euro share class hedge driving overall performance. The first trading day of the month (February 3) was quite unusual, as it tends to be a strong one for risk assets (based on institutional inflows). The sharp decline on the 3rd may have been triggered by pension funds rotating from stocks to bonds. However, equities rallied strongly from the 4th through to the end of the month. European equities led the way, with emerging markets continuing to lag, based on a deceleration in growth and Chinese credit concerns. Our hedging overlay was profitable for the month; however, the hedges we did not monetise lost some value as the month progressed. The VIX seems to drop nearly as quickly as it spikes nowadays, meaning that we have to take some profits fairly quickly after a spike. Investors seem to be taking every opportunity to short volatility in the current low yield environment. Trading volumes in the XIV (inverse VIX ETP) are rapidly approaching the VXX (long VIX ETP), suggesting that wealth managers and retail investors are distorting the volatility market. We suspect that there may be a rush for the exits should the VIX hit 25.xxx

Investment Outlook: The Titans Tighten

The Known Unknowns in 2014 concern US and Chinese monetary policies: how aggressively will the Fed press the 'taper' button and/ or could economic weakness force China's PBoC reverse recent tightness? Global Liquidity is dominated by these two nations. Together they make-up around half of the World's cash-pile. This is not meant to ignore the plain facts that far more Central Banks are now 'tight' than 'loose' and the ECB, the 'number three' is very tight. Yet, our latest indexes confirm that Chinese liquidity is also tight, and has been now for nearly two years, while latest indicators seem to show that the strong up-trend in US liquidity is finally inflecting downwards. We have warned over recent months how the persistent tightness of Chinese liquidity is spreading out to punish the Emerging Markets. This is already having negative effects on their currencies. Moreover, we suspect that China's on-going policy adjustment must be counted in years not months, since it is as much political as economic. It will look more like Japan's efforts through the 1990s than America's in 2008/09.

Fund Details

Corporate: Cayman OIEC
Dealing: Monthly purchase and weekly redemption (5 business days notice)
Minimum: USD 100,000
Fees: Management Fee: 1.75% p.a.; Performance Fee: 20%

Administrator Dundee Leeds Management Services
Auditor KPMG Bermuda
Fund Manager Hari Krishnan HariKrishnan@liquidity.com

USD Class Bloomberg: **PULSESP KY**
ISIN KYG7303Y1492 CUSIP 7303Y149

GBP Class Bloomberg: **PULSESS KY**
ISIN KYG7303Y1989 CUSIP 7303Y198

EUR Class Bloomberg: **PULSESE KY**
ISIN KYG7303Y1807 CUSIP 7303Y180

JPY Class ISIN KYG7303Y2060 CUSIP 7303Y206
CHF Class ISIN KYG7303Y2144 CUSIP 7303Y214

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