

# PORCUPINE ABSOLUTE RETURN

## INTERMEDIARY EXIT CLASS SHARE

MAY 2011 FACTSHEET



### Fund Overview

#### Fund Objective

The investment objective is to seek to generate an absolute return in all market conditions on an annual basis with a focus on capital growth over the long term.

#### Fund Strategy

The Porcupine Absolute Return Fund can invest across hedge funds, long only funds and private equity funds through direct investment to gain exposure to a wide range of assets across various markets and currencies; the Fund may also make use of financial derivative instruments to gain either long or synthetic short exposure. The Fund may invest in any of the following: derivative instruments, swaps, collective investment schemes, ETFs, equities and other transferable securities.

### Fund Information

#### Investment Team:

Investment Managers:  
Angus Murray  
Robert Hunt

#### Assets Under Management:

\$3.66m

#### Fund Launch Date:

February 2009

#### Minimum Investment:

£10,000

#### Fees:

Management Fee: 1.00%  
Administration Fee: 1.50%

#### Dealing Frequency:

Monthly\*\*

#### Benchmark Index:

HFRX Macro Index

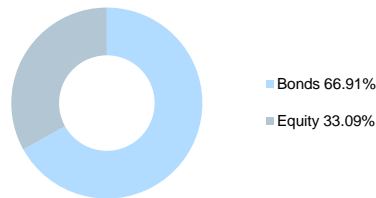
#### Domicile:

British Virgin Islands

### Fund Performance\*

Month to Date:	-6.77%
Year to Date:	-6.71%
Cumulative Returns:	-10.09%
Annualized Returns:	-6.50%
Monthly Average Returns:	-0.56%
Positive Returns:	42.11%

### Sector Breakdown\*\*\*



### Fund Risk Statistics\*

Standard Deviation:	8.38%
Downside Deviation:	7.34%
Sharpe Ratio:	-0.76
Sortino:	-0.91
Alpha:	-0.50%
Beta:	0.34

### Top 4 Holdings

10 Year Bond	28.58%
Mini S&P500	4.98%
Mini Dow Jones	4.66%
Mini Russel	4.49%

### Cumulative Returns\*



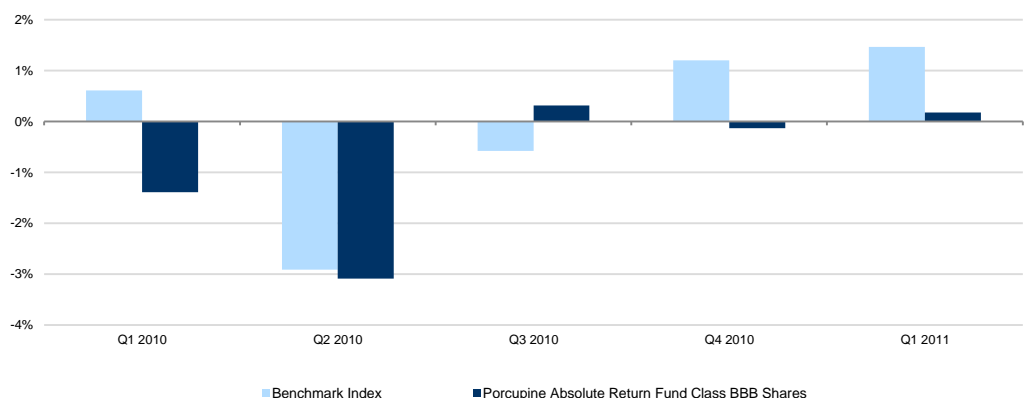
### Historical Performance

Class	1mth	3mth	6mth	YTD	1yr	3yr	5yr
BBB - £GBP	-6.77%	-8.21%	-7.73%	-6.71%	-3.59%	N/A	N/A
Benchmark Index	-2.11%	-0.86%	1.55%	0.21%	-0.51%	-14.15%	0.27%

### Share Class Information

Class	Nav	Bloomberg	ISIN	Start Date
BBB - £GBP	£899.07	POARB3B VI	VGG7172E1667	01/11/09

### Quarterly Performance



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### Glossary

#### Sharpe Ratio

Measures how much fund performance is attributed to risk. The Sharpe Ratio is calculated as the average excess rate of return over the risk-free rate divided by the Standard Deviation of the excess returns. A Sharpe Ratio above 1 is good.

#### Sortino Ratio

The Sortino Ratio is similar to the Sharpe Ratio except it only focuses on risk surrounding fund performance when it falls below a specified target or rate of return.

#### Standard Deviation

A measure of volatility, often described as risk. The Standard Deviation measures the amount performance varies from its average. The larger the number, the more fund performance differs from its average, so the more volatility there is.

### Investment Manager

#### BRITISH VIRGIN ISLANDS

Castlestone Management  
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Tortola BVI

**Certain Back & Middle Office services are provided to the Investment Manager by its affiliate:**

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### Managers Commentary

Porcupine ended the month of May down 3.11% on the back of continued fears in the market. As if the news seemed redundant, European austerity problems continue to dominate the fear investors have. These are the same forces that have dominated the market for the past few months and by all accounts, at least until it's resolved, Europe seems to dominate any recovery outlook. The US economy doesn't seem to fare that much better, however. In fact the only thing keeping the euro afloat seems to be the just as sluggish recovery in the US. And to top it all off, China and fears over inflation, seem to point to a very slow summer.

All of this is not that foreign. Last Spring very similar conditions were on the forefront of all top news searches. Given the above, from an investor's perspective, it's only natural that any rally will be followed by profit taking, resulting in the S&P 500 ending the month down 1.35%, ending an eight month rally.

There is no question that the US economy seems to be slowing an already stressed recovery. GDP growth has been revised to a mere 2% in Q2 which is down from a previous forecasted growth of 2.8%. So the attention turns to China and that Beijing's tightening of credit and increased Bank reserve ratios may in fact have ripple effects globally. And to top it all off, it seems that Greece will have no choice but to default as investors seek more than 25% yields as a compensation for the risk being taken.

Nevertheless, the above does not seem to be enough to keep the US economy afloat and therefore out of recession. Two things to keep an eye on are strong corporate earnings in the US as well as the bond market as QE2 comes to an end next month.

In the near term we like a more conservative and risk averse portfolio, awaiting the catalyst for a more aggressive stance. Therefore very little equity exposure amidst volatile markets as well as very selective spreads offer most of the benefits with limited risk. Within the US, and given the fact that QE2 is ending as well as the inevitable rise in US debt ceiling, bond yields have nowhere to go but up in order to attract investors.

Nevertheless and until volatility decreases, we must be prudent and risk conscious. Precious metals offer a great hedge against any inadvertent externality as well as sound agriculture fundamentals which contrary to growth, have sound fundamentals that complement the broader equity market exposure.

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\* Performance Statistics represent Porcupine Absolute Return Fund Class BBB.

\*\* Monthly, subscriptions must be received by 25th day of preceding month, or previous business day in London in the event of a UK public holiday.

\*\*\* The allocations are based on weightings at 31st May 2011, the weightings are gross risk allocation by asset. The allocations are indicative and for illustrative purposes only.

The data denotes the actual performance net of management fees, performance fees and expenses of the Porcupine Absolute Return Fund share class BBB since November 1, 2009.

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