

CF Eclectica

Absolute Macro Fund

ECLÉCTICA
ASSET MANAGEMENT

31 AUGUST 2013

The Fund was flat in August as losses from equities were offset by gains derived from shorting EM currencies.

Renewed fears of Fed tapering combined with increasing diplomatic tensions concerning Syria produced another sharp change in short term correlations from those observed in the May to July period.

This abrupt regime shift was evident in the relationship between developed market equities and EM stocks. Emerging markets lost 1.9% in August, their fifth monthly negative performance for the year.*

The S&P underperformed for the first time in many months. After starting the month on a record-high, US stocks closed down 3.1%, the steepest drop since May 2012. As a consequence, the Fund lost 19bps from relative value trades between US and EM equities and a further 20bps from directionally long US equity trades.

Digging deeper, this risk reversal was also evident in Asia where Chinese shares, having just suffered their worst setback since August 2009, produced no follow through. Instead, in a Dr Jekyll & Mr Hyde manner, they surged 5.2% on noisy economic data that just might portend a revival in the short-term trend in economic activity.

The Fund recorded a small loss of 3bps from our short Chinese equity index trade, but made 14bps from Korean interest rate positions.

Despite the chatterings of a short-term improvement in the Chinese economy, other EM economies struggled last month and several were forced to intervene in their FX markets to contain outflows. Some chose to hike interest rates complicating their growth outlook further.

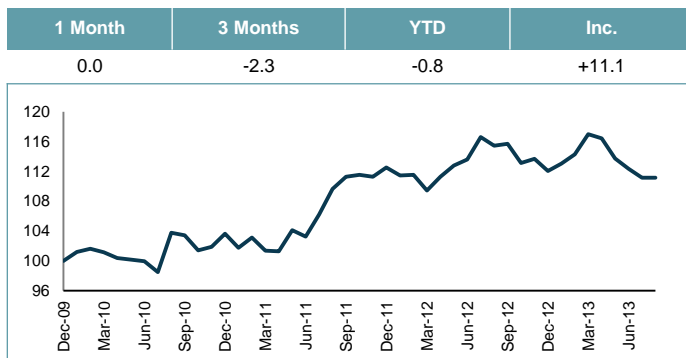
India was probably the hardest hit with the rupee falling to an all-time low versus the US dollar, its worst crisis since 1991. Foreign investors have become increasingly concerned by the trend in domestic GDP growth which has fallen from highs of 9% seen in 2010 to just 4.4% in the second quarter of 2013.

Against this background, the Fund recorded gains of 75bps from short EM currency and equity trades.

Finally, Japan was not immune to the correlation tempest. Having trended so positively in the first part of the year, equities have now dropped for a fourth consecutive month, the longest losing streak since 2010. The Fund however made a modest 2bps from re-entering long positions late in the month.

Hugh Hendry, CIO

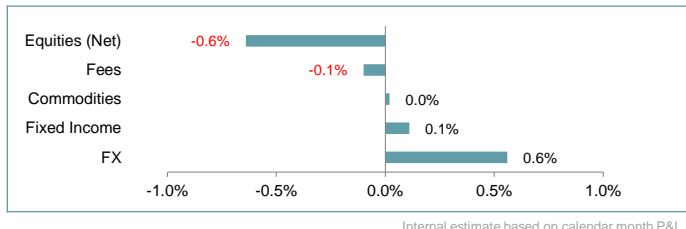
PERFORMANCE (%) - 'A' £ shares



MONTHLY PERFORMANCE SINCE INCEPTION (%)

	J	F	M	A	M	J	J	A	S	O	N	D	Y
2010	1.2	0.4	-0.5	-0.7	-0.3	-0.2	-1.5	5.4	-0.3	-2.0	0.5	1.7	3.6
2011	-1.8	1.4	-1.7	-0.1	2.8	-0.1	2.1	3.2	1.5	0.2	-0.2	1.1	8.6
2012	-1.0	0.1	-1.9	1.7	1.4	0.7	2.6	-1.0	0.2	-2.2	0.5	-1.4	-0.4
2013	0.9	1.1	2.4	-0.5	-2.3	-1.2	-1.1	0.0					-0.8

MONTHLY PERFORMANCE ATTRIBUTION



NAV	\$c	£p	€c
A shares	153.63	99.13	115.82
C shares	156.02	101.54	118.39
AUM			£194.3m

TOP 10 HOLDINGS (% NAV)

Korean 3yr Bond Ftrs (Sep 13)*	15.1	MSCI EAFE Index Ftrs (Sep 13)	1.4
Korean 3yr Bond Ftrs (Sep 13)	6.3	Brent Oil ETC	1.2
Long USD / Short BRL	4.5	Long EUR / Short TRY	1.2
Australian 3m IR Ftrs (Dec 14)**	4.3	Long USD / Short TRY	1.2
FTSE 250 ETF	2.0	S&P 500 Index Ftrs (Sep 13)	1.0

Futures/options positions are included on a delta'd basis.
Interest rate/bond positions are included on a 10yr adjusted (delta'd) basis.

TOP 10 HOLDINGS (% VaR)

Long USD / Short ZAR	14.2	FTSE 100 Index Ftrs (Sep 13)	4.7
Long USD / Short BRL	10.2	Long USD / Short TRY	2.4
Australian 3m IR Ftrs (Dec 14)**	8.1	S&P 500 Index Ftrs (Sep 13)	1.0
MSCI EM Index Ftrs (Sep 13) [Short]	7.4	Long EUR/ Short HUF	0.8
BIST Index Ftrs (Oct 13) [Short]	4.7	Long USD / Short CAD	0.7

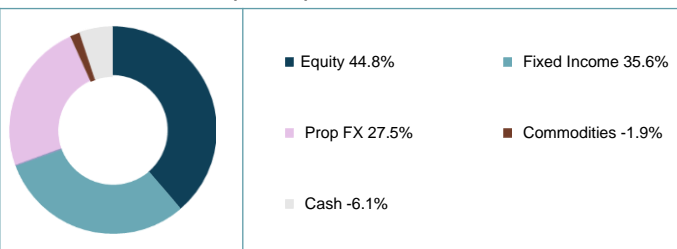
* Korean 3yr vs 10yr 'Steeper' - Long Korean 3yr Bond Ftrs / Short Korean 10yr Bond Ftrs
** Australian 3m vs 10yr 'Steeper' - Long Australian 3m IR Ftrs / Short Australian 10yr Bond Ftrs

*MSCI Emerging Markets Index

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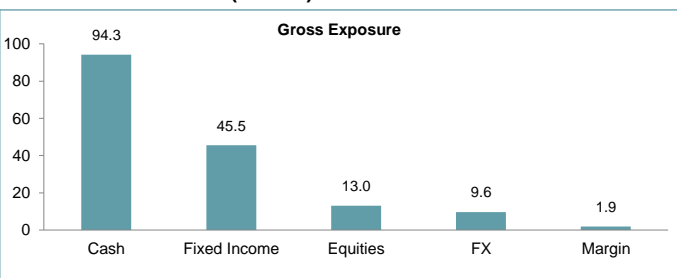
ASSET ALLOCATION (% VaR)



Total Risk *	3.6
95% Fat Tail **	0.3
95% Cond VaR **	0.4

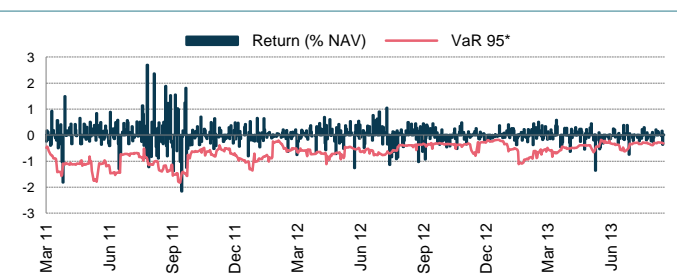
* Ex-ante standard deviation ** Based on 1 day time-horizon Monte Carlo simulation.

ASSET ALLOCATION (% NAV)



Futures/options positions are included on a delta'd basis.
Interest rate/bond positions are included on a 10yr adjusted (delta'd) basis.

FUND VaR HISTORY



* 95% fat tail based on 1 day time-horizon Monte Carlo simulation.

MANAGER DETAILS

Investment Manager	Eclectica Asset Management LLP
ACD	Capita Asset Services Managers Ltd
Administrator	Capita Asset Services Administrators Ltd

FUND DETAILS

Launched	31 December 2009
Fund Manager	Hugh Hendry
IMA Sector	Targeted Absolute Return
Target Return	Annualised 10% on a rolling 3-year basis
Share Classes	£/€/\$
Structure	UCITS IV sub fund of CF Eclectica Funds
Dividends	Accumulated
ISA/PEP Eligible	Yes
Prospectus & KIID	www.capitaassetservices.com

FUND IDENTIFIERS

	ISIN	SEDOL	Bloomberg
A share (£)	GB00B2PJSV25	B2PJSV2	CFEGASA LN
A share (€)	GB00B2PJWD21	B2PJWD2	CFEGAEA LN
A share (\$)	GB00B39WZQ85	B39WZQ8	CFEGADA LN
C share (£)	GB00B3B1N814	B3B1N81	CFEGCSA LN
C share (€)	GB00B3B1NB48	B3B1NB4	CFEGCEA LN
C share (\$)	GB00B39WZY69	B39WZY6	CFEGCDA LN

FEES, COSTS AND REDEMPTION STRUCTURE

Initial Charges	Up to 5% (class A); up to 1% (class C)
Anti-Dilution Levy	Up to 0.75% on subs/reds over 5% of NAV
Annual Charges	1.75% (class A); 1.25% (class C)
Performance Fee	None
Minimum Investment	£5,000 (class A); £20m (class C) (equivalent for € and \$)
Dealing	Daily at 12pm
Dealing Line	0845 608 0941

SERVICE PROVIDERS

Depository	BNY Mellon
Auditors	Ernst & Young
Accounts Date	Financial year-end 31 December

INVESTOR RELATIONS

Joe Rouncefield (UK)
T. (0)20 7792 6420 / joe@eclectica-am.com
Maria Johansson (Non-UK)
T. (0)20 7792 6423 / maria@eclectica-am.com

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