

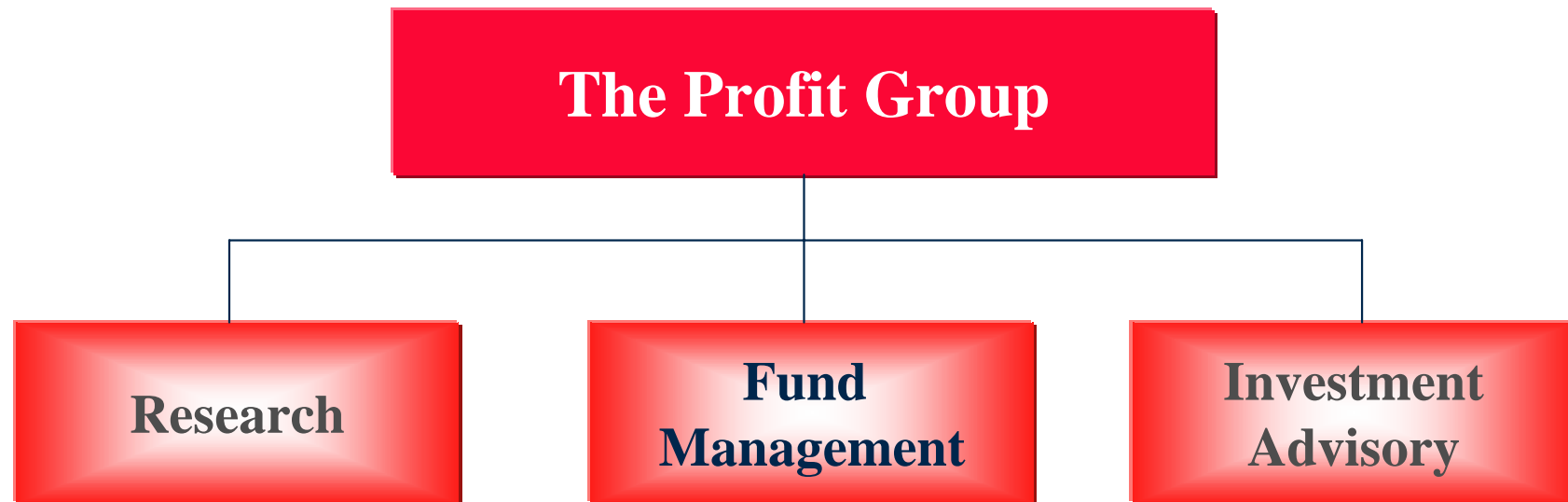
# Global Macro Fund

ProfitFundCom AG

## Agenda:

- 1) Introduction
- 2) Investment Philosophy
- 3) Investment Process
- 4) Portfolio Allocation
- 5) Performance
- 6) Monitoring Process
- 7) Conclusion
- 8) Team Biographies
- 9) Fact Sheet

# 1. Introduction



- Proprietary liquidity research
- A leading strategic advisor to corporations, governments, institutions and individuals worldwide
- Boutique fund management services

## 2. Investment Philosophy

**Fact:**

90% of positive fund performance is due to macro asset allocation

**But...**

Most 'global macro' funds include stock selection and micro bets

Macro asset allocation often takes the form of deviations from neutral weighting of an international index



*Performance suffers from stock exposure to bear markets*

## **ProfitFundCom/ Global Macro Fund:**

- focuses on international macro asset allocation
- a pure macro fund: no stock picking
- minimizes risks (no leverage, few derivatives)
- absolute return oriented
- utilizes our proprietary liquidity approach

## 3. Investment Process

Investment Guidelines:

**The fund takes positions in...**

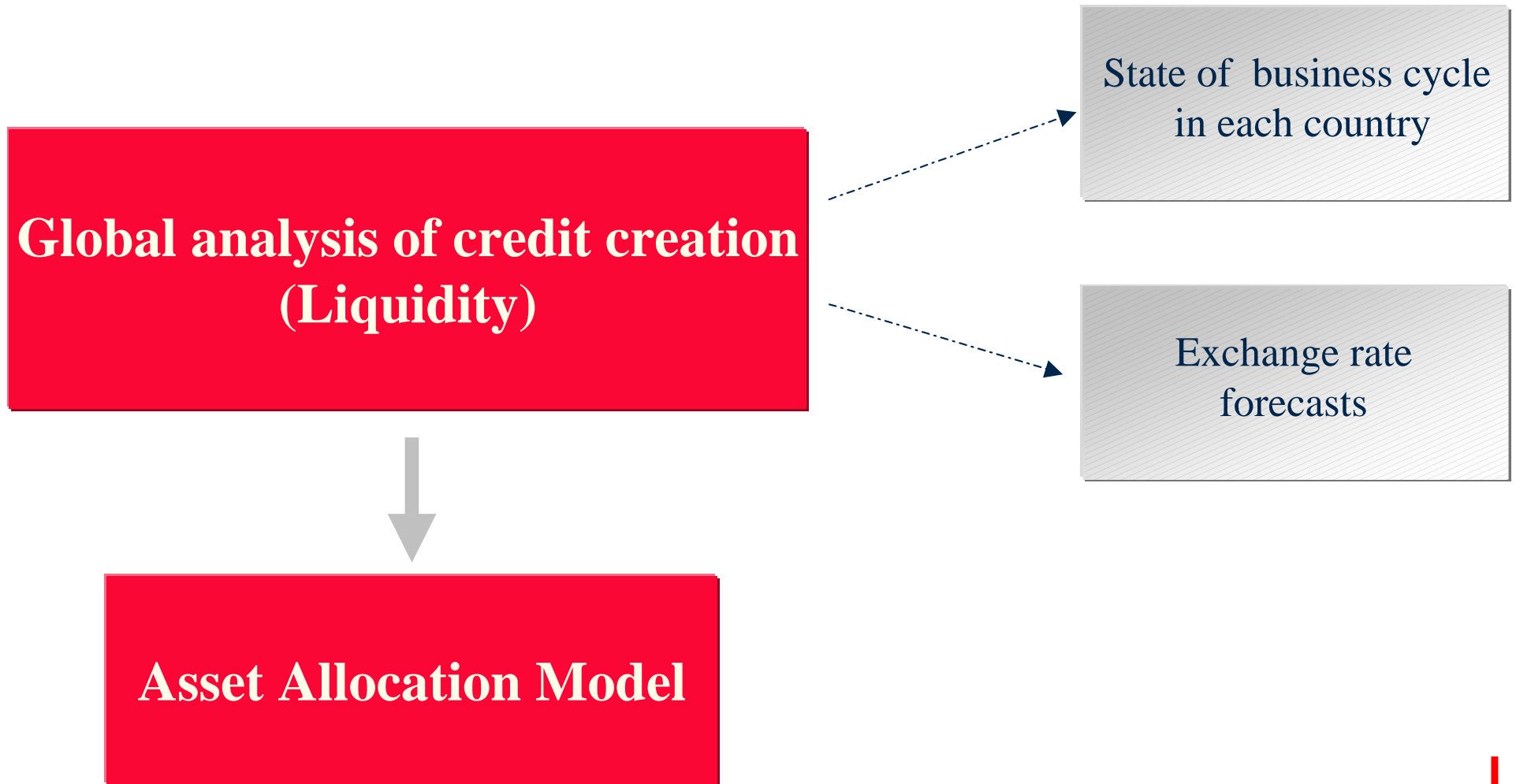
Equities (overall market exposure)

Bonds

Currencies

(Gold)

## Investment Methodology



## Asset Allocation Signals

### **Equities**

Buy signal: rise in liquidity  
Sell signal: fall in liquidity

### **Bonds**

Buy signal: fall in liquidity  
Sell signal: rise in liquidity

### **Currencies**

Buy signal: fall in relative central bank liquidity  
Sell signal: rise in relative central bank liquidity

**Gold (and other 'macro' commodities)  
on the basis of behavioural models**

## 4. Portfolio Allocation

## Portfolio Allocation

1. Risk-weighted ranking of most attractive plays
2. Profit target and determination of stop-loss  
(risk management)
3. Portfolio Weights

## Portfolio Allocation

### Key Variables

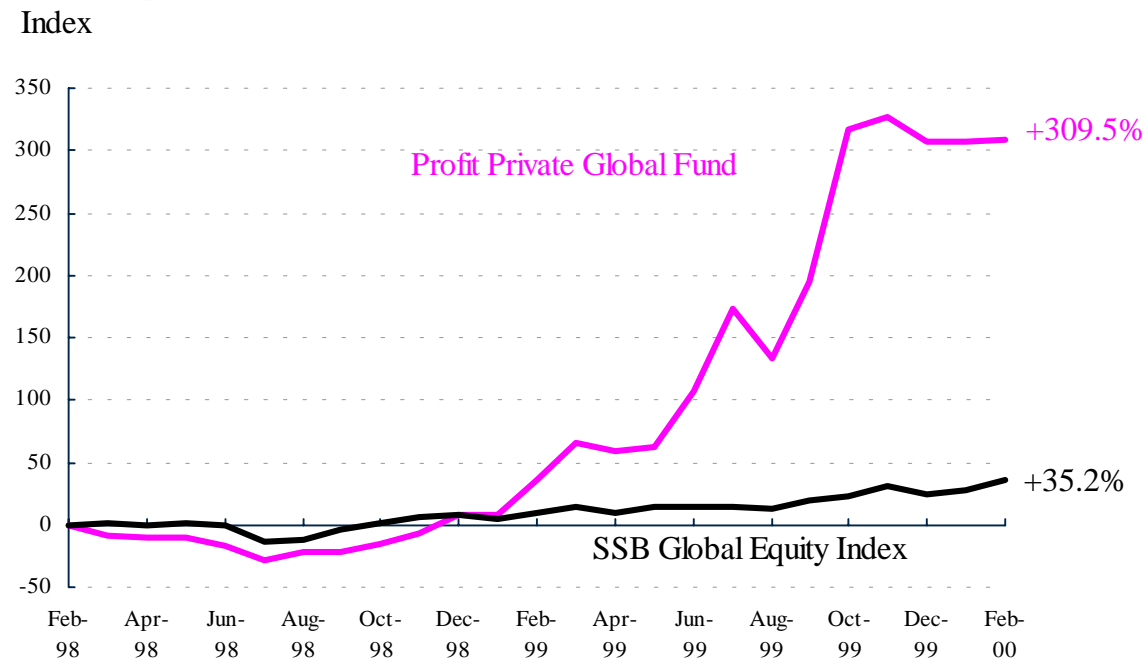
- ❑ Forecast of Liquidity Model for market n
- ❑ Upside potential (Liquidity Model): expected rise;  
likelihood of rise
- ❑ Downside risk: maximum expected fall: (Value-at-Risk);  
likelihood of fall
- ❑ Error margin of Liquidity Model: (quantified by past tracking)

## 5. Performance

## Performance of “Profit Private Global Fund”

Net of all costs. In operation from 26 February 1998 to 28 February 2000. Denominated in US Dollars.

(Operated as master account with Jardine Fleming, Hong Kong)



The Profit Private Global Fund was established with private funds by Richard Werner and has been managed according to the same principles as ProfitFundCom/Global Macro.

## 6. Monitoring process

- ❑ Daily monitoring of market movements vs. forecasts
- ❑ Re-assessment of all liquidity variables, monthly
- ❑ Re-evaluation of risk-weighted ranking, asset allocation, portfolio positions on monthly basis
- ❑ Monitoring on three levels:
  - by Advisory Firm
  - by Fund Management Firm
  - by Trustee
- ❑ Stringent regulatory supervision; licensed as Mutual Fund

## 7. Conclusion

- ❑ A True Macro Fund based on Innovative Methodology
- ❑ Proven Track Record, Stringent Risk Controls
- ❑ Constant Portfolio Monitoring
- ❑ Committed Client Servicing
- ❑ Transparency and Liquidity: Weekly NAVs and Trading

## 8. Team biographies

**Richard A. Werner**  
**Chief Investment Advisor**

Chief Strategist, Managing Director at Profit Research Center Ltd., Tokyo.

Known for his asset allocation and currency models that are based on central bank and bank credit creation.

Author of No. 1 bestseller *Princes of the Yen*.

Member of the asset allocation committee of NTT's TeiWei pension fund and assistant professor of economics at Sophia University, Tokyo.

A decade of experience in financial sector as Chief Economist at Jardine Fleming Securities (Asia) Ltd., Tokyo, the Asian Development Bank, the Japanese Ministry of Finance, the Japan Development Bank, the Bank of Japan and the Nomura Research Institute.

Received his training in economics at the University of Tokyo, the University of Oxford and the London School of Economics.

**Matthias Voigt**  
**CEO, ProfitFundCom AG**

President of the recently established Liechtenstein Investment Fund Association (LAFV) in August 2000.

Joined Industrie- und Finanzkontor in 1999 where he acts as Head of Financial Services and is active in developing financial products and investment trust funds for institutional clients.

Over 20 years experience in the banking industry in Germany, Luxembourg, Switzerland and the Principality of Liechtenstein with banks including Banque Bruxelles Lambert (Suisse) S.A., Landesbank Hessen-Thüringen Int.S.A., and Bank M.M. Warburg-Brinckmann.

## **Kiyoshi Goga** **Senior Portfolio Advisor**

Kiyoshi Goga has spent 11 years with Sanwa Bank, 6 of which he was based in New York, trading in the US Treasury market. Before joining Profit Research Center, Ltd. he was Senior Manager in the risk management department at Sanwa Bank, Tokyo. Kiyoshi Goga is a graduate of Tokyo's Keio University and holds an MBA from New York University.

## 9. Fact Sheet

## *Fact Sheet*

### *Manager*

ProfitFundCom AG

### *Investment Advisor*

Profit Research Center, Ltd.

### *Prime Broker*

Salomon Smith Barney, Inc.

### *Auditor*

Ernst & Young AG

### *Custodian*

Verwaltungs- und Privatbank AG

### *Registration Numbers*

Sec. no. 1.148.315  
ISIN Code: CH0011483150  
COMN Code: 012096470

### *Domicile*

Principality of Liechtenstein

### *Regulator*

Liechtenstein FSA

### *Denomination*

US Dollars

### *Portfolio Region*

Global, no limitation

### *Eligible Investors*

US tax-exempt, international

### *Settlement*

Euroclear

## *Fact Sheet*

### *Management Fee*

1.5% p.a.

### *Performance Fee*

10% p.a. / 15% p.a.  
(net returns > 10% / net returns > 20%)

### *Taxation*

Fund not taxed in its domicile

### *Target Returns*

Double-digit growth p.a.

### *Dividends*

Dividends reinvested

### *Trading/Liquidity*

Weekly

### *Reporting*

Weekly electronic publications  
Semi-annual reports

### *Websites*

[www.profitfund.com](http://www.profitfund.com)  
[www.profitresearch.co.jp](http://www.profitresearch.co.jp)

*For questions concerning dealing in units, please contact:*

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There can be no assurance that actual returns could be realized as the values indicated and returns may vary significantly from these returns as a result of a variety of factors which may include but are not limited to prevailing credit spreads, market liquidity, position size, transaction and financing costs, hedging costs and risks of capital and profit and risks including but not limited to interest rate, index, currency, credit, political, liquidity, volatility, time value, commodity and market risk.

Individual fund returns are net of all fees and assume reinvestment of dividends and other earnings.