

Jaguar Investments Limited



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Three Steps To Heaven – JANUARY 2015

In our opinion there are three obvious and simple steps to successful portfolio management. Firstly try to ensure that any potential investment can provide an attractive risk-adjusted return. Secondly try to ensure that when the potential investment experiences a challenging environment (as they all do from time to time) that it is able to contain downside performance. Finally ensure that the potential investment is not correlated to your other investments. In this way, when one is facing the aforementioned challenging environment, other investments are able to hold their own and contribute positively. It's not rocket science.

The Jaguar ULTRO CAPITAL Strategy ticks all three boxes and the tables below highlight the key metrics of the strategy. For comparative purposes we have included the S&P 500 index, the Barclayhedge CTA Index (formerly the Calyon/Newedge CTA Index) and the S&P GSCI (Total Return). We have also included the same metrics for 5 CTAs that we know have significant commodity exposure;

- Peer #1 is UK-based, with 50%+ exposure to commodities
- Peer #2 is US-based, with 45% exposure to commodities
- Peer #3 is US-based, with 50% exposure to commodities
- Peer #4 is US-based, with 90%+ exposure to commodities
- Peer #5 is UK-based, with 40%+ exposure to commodities

	<u>Cumulative Return</u>	<u>Annualised Compound RoR</u>	<u>Annualised Volatility</u>	<u>Sharpe Ratio (0%)</u>
S&P 500	+66.72%	+18.58%	Jaguar ULTRO 5.85%	S&P 500 1.86
Jaguar ULTRO	+35.79%	+10.74%	Barclay CTAI 6.65%	Jaguar ULTRO 1.78
Peer #3	+26.18%	+8.06%	Peer #4 7.77%	Barclay CTAI 0.63
Peer #2	+17.24%	+5.45%	S&P 500 9.45%	Peer #3 0.60
Barclay CTAI	+12.72%	+4.07%	Peer #2 11.85%	Peer #2 0.51
Peer #1	-2.97%	-1.00%	Peer #1 14.38%	Peer #1 0.00
Peer #4	-3.81%	-1.29%	Peer #3 14.57%	Peer #5 -0.03
Peer #5	-4.53%	-1.53%	Peer #5 15.11%	Peer #4 -0.13
S&P GSCI	-33.83%	-12.86%	S&P GSCI 16.92%	S&P GSCI -0.72

	<u>Maximum Drawdown</u>	<u>%age of Up Months</u>	<u>Correlation</u>
Jaguar ULTRO	-2.02%	S&P 500 75%	Peer #3 0.13
S&P 500	-7.03%	Jaguar ULTRO 69%	Peer #1 0.08
Barclay CTAI	-7.93%	Barclay CTAI 61%	Peer #5 0.07
Peer #4	-9.94%	Peer #2 55%	Peer #2 0.05
Peer #3	-15.33%	Peer #3 55%	Peer #4 0.02
Peer #2	-17.84%	Peer #4 50%	Barclay CTAI -0.01
Peer #1	-25.71%	Peer #1 47%	S&P 500 -0.02
Peer #5	-26.01%	S&P GSCI 44%	S&P GSCI -0.08
S&P GSCI	-38.98%	Peer #5 44%	

All data applies to the three year period; 1st January 2012 to 31st December 2014

Clearly the closest performer in all metrics is the S&P 500 which is a sizeable constituent of most portfolios. Although the overall correlation between the S&P 500 and the Jaguar ULTRO CAPITAL Strategy is a negligible -0.02, it is worth looking at the performance of Jaguar ULTRO when the S&P 500 performs poorly.

- In the period, the S&P 500 had 9 losing months with an average loss of 2.30% and a cumulative loss of 20.70%.
- In the same 9 months, the Jaguar ULTRO strategy had 8 up months. The average gain in these up months was +1.05% and cumulative gain was +8.40%.
- In the 1 shared down month, the Jaguar ULTRO strategy lost 0.15%

Conclusion

The Jaguar ULTRO CAPITAL Strategy has an attractive risk-reward profile, has contained downside and is not correlated to other asset classes or investment strategies. Would it fit in your portfolio?

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