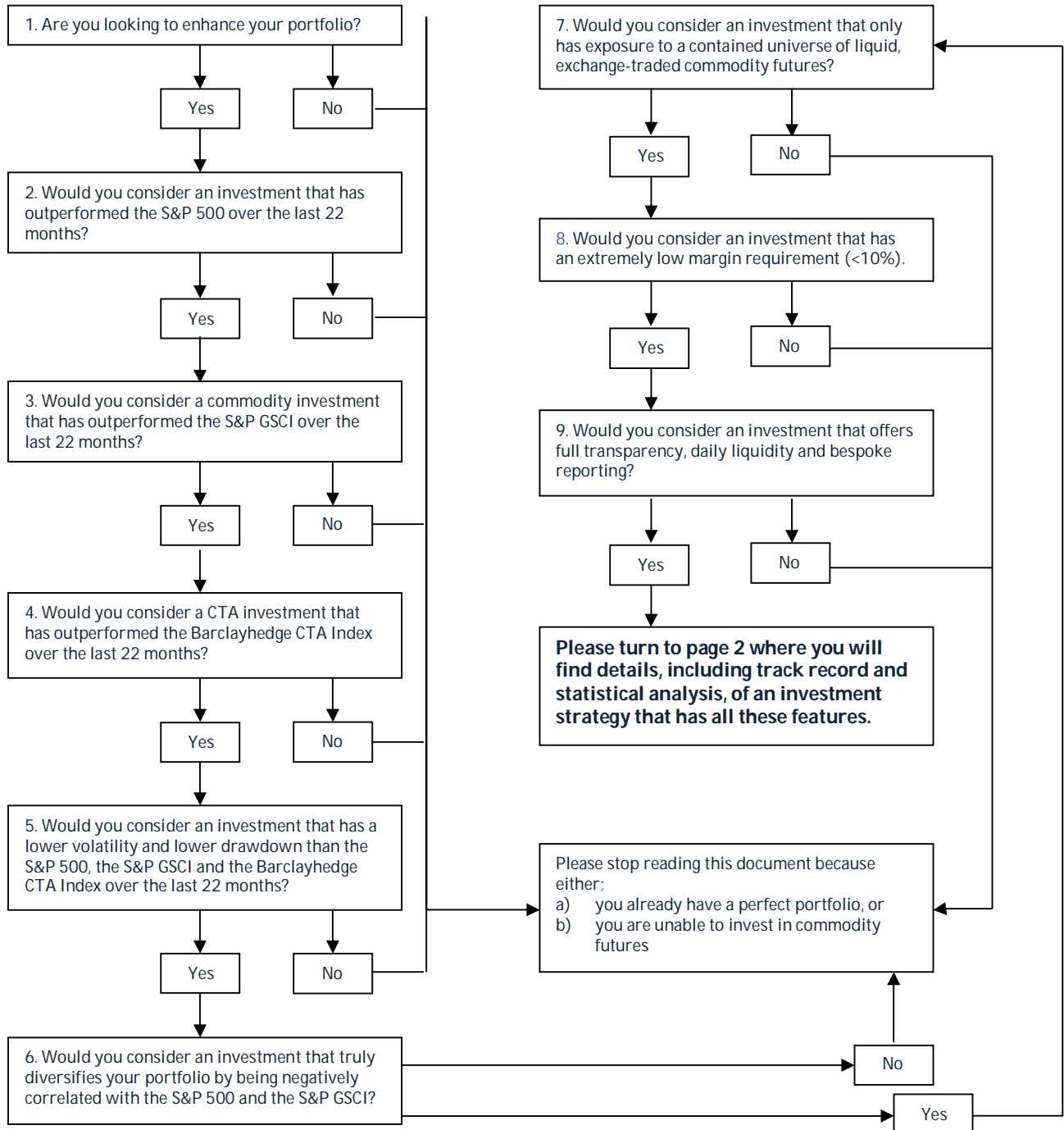




SOMETIMES THE SIMPLEST OF ALGORITHMS CAN BE THE MOST EFFECTIVE – FEBRUARY 2013

ALGORITHM: A method of solving a problem, involving a finite series of steps. It usually involves the expression on paper of the proposed process (often by means of a flowchart).

"The Oxford University Dictionary of Science", 2006



Jaguar SCP Enhanced strategy performs solidly in uncertain markets; +11.27%, volatility = 8.32%*

Summary

In this short paper, we highlight the strong performance (relative and absolute) of our investment strategy from its inception (1st March 2011) to 31st December 2012.

Key features of the Systematic Commodity Program (Enhanced) include low margin requirement, low volatility, contained drawdown, and low correlation to both peer group and other asset classes. We also offer full transparency, daily liquidity and bespoke tailoring of reports to investor requirements.

Background

“An economist is an expert who will know tomorrow why the things he predicted yesterday didn’t happen today”

Laurence J. Peter, Professor of Education, (1919-1988)

Since early 2011, most asset classes have witnessed tremendously choppy price action. There should be no real surprise at this. The rebound from the financial crisis has led to a nervous, uncertain world and the reality seems to be that struggling global economies are being kept artificially high by governments that don't want (and can't afford) to face the truth – namely that most economies are in recession and that growth is not likely to be sufficient to pay debt. More radical commentators might argue that capitalism itself is broken. Either way it seems as though the powers that be think it much better to try and keep everything ticking over for now – even if that means that future generations will have far greater problems to face.

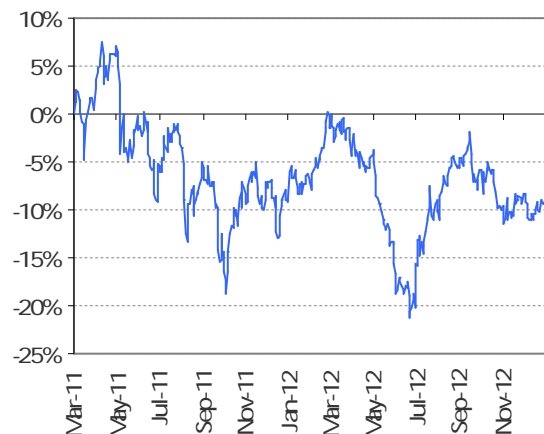


Chart.1: S&P GSCI Total Return, Cumulative Return (daily returns)

From the 1st March 2011 to 31st December 2012 the S&P 500 rallied some 7% but the move was comprised of an initial drop of some 19% before a steady rally of c33%. The S&P GSCI lost some 7% over the same period but was even more volatile. Chart.1, right, shows it fell 17%, rallied 23%, fell 22%, rallied 25% and is currently some 10% off that high.

The Jaguar Systematic Commodity Program (SCP) was borne of over thirty years commodity trading experience and is designed to capture short to medium term commodity price action. It is a purpose-built stand-alone commodity investment program and is not “carved out” of any other investment strategy.

Comparative Statistical Analysis

“October; this is one of the peculiarly difficult months to invest in stocks. The others are July, January, September, April, November, May, March, June, December, August and February”

Mark Twain, Author, Pudd'nhead Wilson (1894)

The following tables illustrate the metrics of our investment strategy versus the S&P 500, the S&P GSCI, and the Barclayhedge CTA Index (formerly the Calyon/Newedge CTA Index).

We have also compared ourselves against six other UK-based, fully systematic CTAs; three are commodity only (#'s 1,2,3,) while three are more diversified (#'s 4,5,6).

Jaguar Investments Limited



	Cumulative Return	Annualised Compound RoR		Annualised Volatility		Sharpe Ratio (0%)
Jaguar SCP(E)	+11.27%	+6.00%	CTA #6	7.57%	Jaguar SCP(E)	0.74
S&P 500	+7.38%	+3.96%	Barclay CTAI	7.78%	S&P 500	0.35
CTA #6	+0.90%	+0.49%	Jaguar SCP(E)	8.32%	CTA #6	0.10
Barclay CTAI	-6.93%	-3.84%	CTA #1	8.42%	S&P GSCI	-0.12
S&P GSCI	-7.52%	-4.17%	CTA #4	12.78%	Barclay CTAI	-0.47
CTA #1	-19.02%	-10.87%	CTA #5	13.41%	CTA #2	-0.93
CTA #5	-23.92%	-13.86%	S&P 500	13.77%	CTA #3	-0.97
CTA #4	-30.07%	-17.73%	CTA #3	14.95%	CTA #5	-1.04
CTA #3	-24.90%	-14.46%	S&P GSCI	19.89%	CTA #1	-1.32
CTA #2	-43.99%	-27.10%	CTA #2	29.05%	CTA #4	-1.45

	Maximum Drawdown		%age of Up Months		Correlation
Jaguar SCP(E)	-5.81%	Jaguar SCP(E)	55%		
CTA #6	-6.38%	S&P 500	55%	Barclay CTAI	0.38
Barclay CTAI	-9.29%	CTA #6	55%	CTA #5	0.38
S&P 500	-17.03%	S&P GSCI	50%	CTA #6	0.36
CTA #11	-19.62%	Barclay CTAI	50%	CTA #2	0.14
S&P GSCI	-22.24%	CTA #1	41%	CTA #4	0.06
CTA #5	-25.09%	CTA #2	36%	CTA #1	-0.01
CTA #3	-26.49%	CTA #4	36%	CTA #3	-0.02
CTA #4	-30.07%	CTA #3	32%	S&P GSCI	-0.41
CTA #2	-45.05%	CTA #5	27%	S&P 500	-0.48

Performance Detail

The Jaguar Systematic Program started trading in its current form on 1st March 2011. All data and statistical analysis in this document apply to the period 1st March 2011 to 31st December 2012.

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YEAR
Jaguar SCP(E) 2011	1.67	0.76	-0.81	0.24	2.68	0.26	-0.95	-1.48	-0.33	-0.03	-0.41	0.37	1.91
S&P GSCI 2011	2.23	6.06	-2.35	-0.51	-12.98	1.20	6.37	6.36	-1.42	-4.07	1.48	-0.65	0.06
S&P 500 2011	4.36	4.06	-0.10	2.85	-1.35	-1.83	-2.15	-5.68	-7.17	10.77	-0.51	0.85	-5.25
Barclayhedge CTAI 2011	0.58	0.87	-1.96	0.06	3.01	-3.27	2.94	-1.20	-0.82	-3.05	-0.15	0.13	-3.03

Moving forward...

**"Every great and deep difficulty bears in itself its own solution.
It forces us to change our thinking in order to find it."**

Niels Bohr, Physicist (1885-1962)

We believe that the last few years have seen significant and irreversible change in financial markets, including commodity markets. Fully electronic markets, algorithmic and high-frequency trading and increased regulation are now set against a background of artificially low interest rates and ongoing political machinations (especially in Europe). The transfer of economic power from West to East remains volatile, as does civil unrest across the MENA region. Event risk remains extremely high, and consequently trade duration is generally getting shorter. The "risk-on, risk-off" mentality is leading to large, often unfathomable moves on a daily, if not hourly basis.

All of the above leads us to the conclusion that the classic trend-following models, so successfully deployed in recent decades across the managed futures and CTA community, is currently under review. The chase for 30%-50%+ returns may continue, but will increasingly require an increased appetite for risk and volatility that we do not believe currently exists.

The Jaguar SCP has been designed not to target or rely on trends (though it can and does capture them) but rather to focus on short-medium term price action –and always with a disciplined focus on risk management. We aim for a steady, less volatile, uncorrelated return stream that includes the ability to capture both Alpha and Beta and which offers true portfolio diversification. Our Enhanced strategy targets an annualized 8-10% return on volatility of <10%. With an average margin-equity level that runs at approximately 5% and peaks at 10% it is cheap to fund, and with daily liquidity is easy to access and exit.

We would be pleased to discuss our strategy in more detail with you.

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Authorised and Regulated by the Financial Conduct Authority.