

# MULVANEY

CAPITAL MANAGEMENT



## Harnessing volatility to enhance returns



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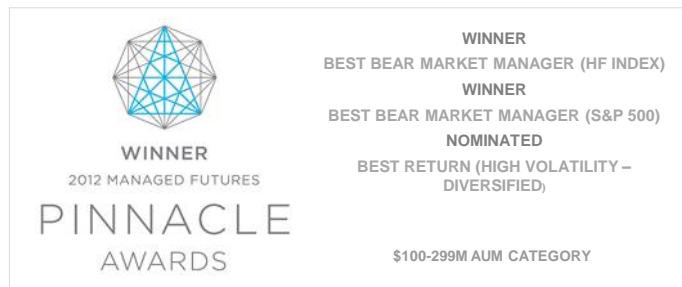
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London EC4N 6AE

Performance data effective as at 31<sup>st</sup> August 2014



- 100% systematic long-term trend follower.
- Diverse global portfolio of agricultural, energy, metal and financial futures.
- 14 year track record with an unchanged program since inception.
- Average annualised return: 14.30%.
- AUM: \$158 million (September 2014).
- Non-correlation to equities and most alternative asset classes.
- Award winning program which is recognized in the top CTA rankings.



***Past performance is not indicative of future results.***

\* Please refer to the note 1 in the Important Information at the end of the presentation.

Our approach to trading is founded on the following:

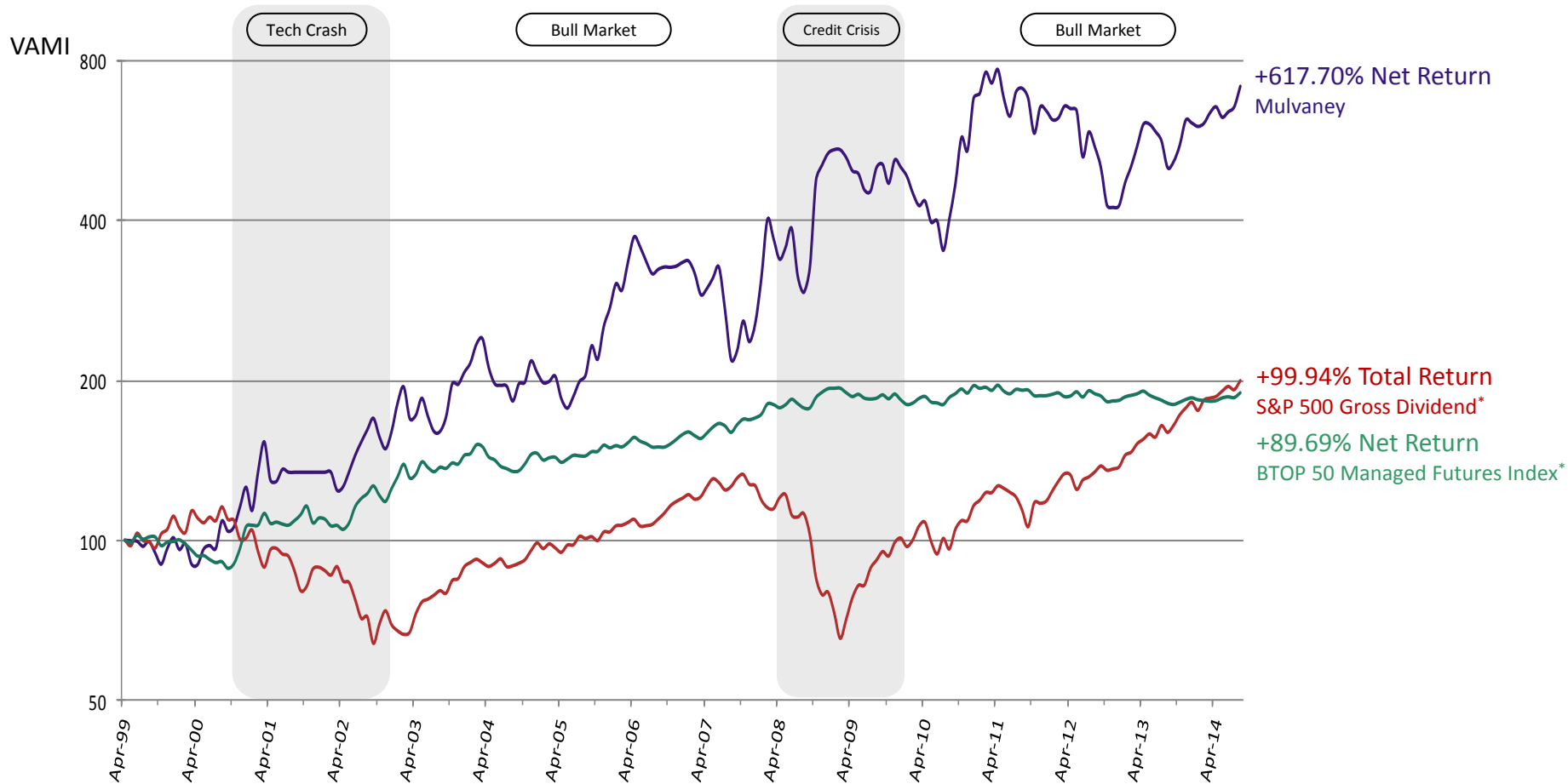
1. **Returns in financial and commodity markets are not normally distributed. Extreme events are few in number but great in magnitude.**
  - We expect the unexpected. Our program was built to be robust and general, and seeks to capture and exploit black swan or fat tail events.
2. **Effective money management.**
  - Losing trades are cut effectively.
3. **Long time horizon.**
  - Winning positions are allowed to run with no set target for price, profit or standard deviation.
  - In this way we can harness volatility to maximise potential returns.
4. **We provide effective diversification by being more heavily weighted towards commodities than most competitors.**

*“The reality is that markets are not always efficient. In particular, they seem to adjust gradually rather than instantaneously to changes in fundamentals. We call these gradual adjustments trends”.*

***Paul Mulvaney***

# LONG TRACK RECORD

Source: Mulvaney Capital/BarclayHedge/Bloomberg



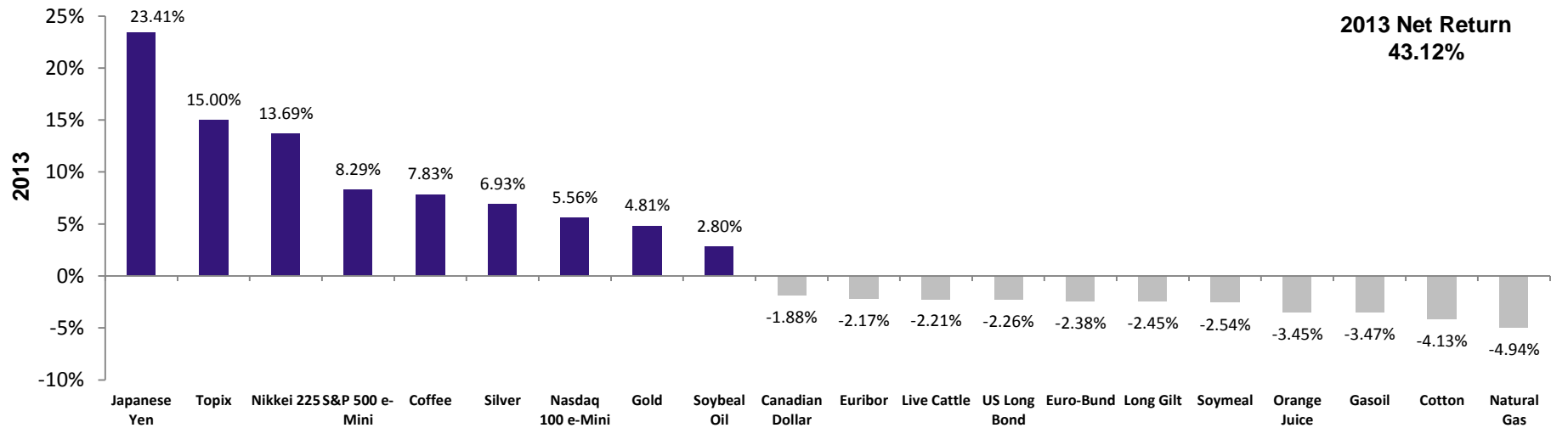
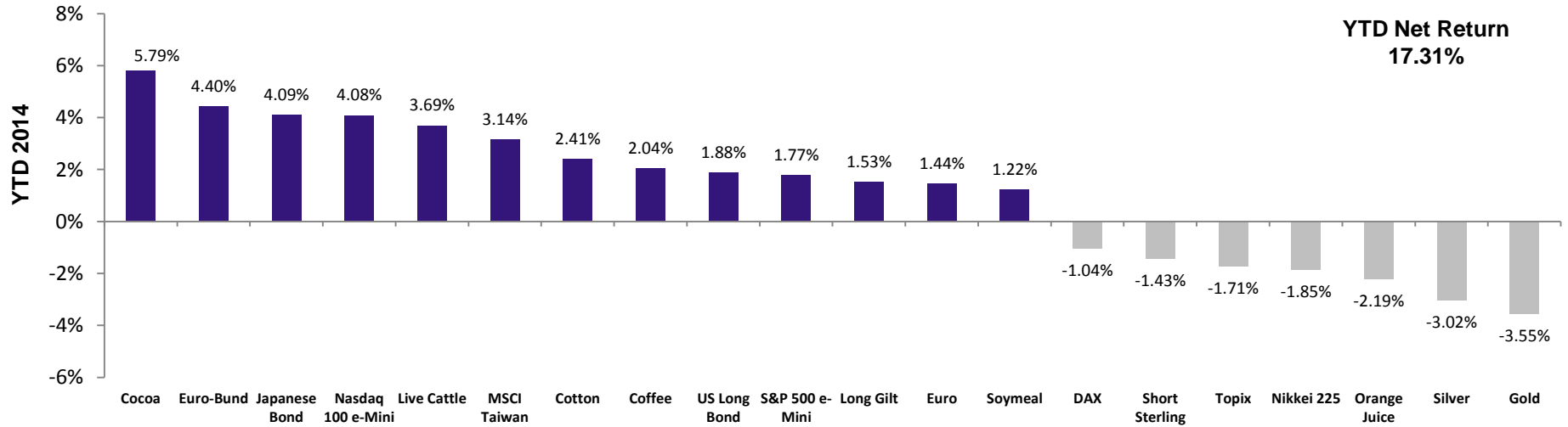
Program Correlation	S&P500	Barclay Global Bond	BTOP 50
Over Track Record	-0.1850	0.0733	0.6528
Last 12 Months	0.3995	-0.2087	0.4055

**Past performance is not indicative of future results.**

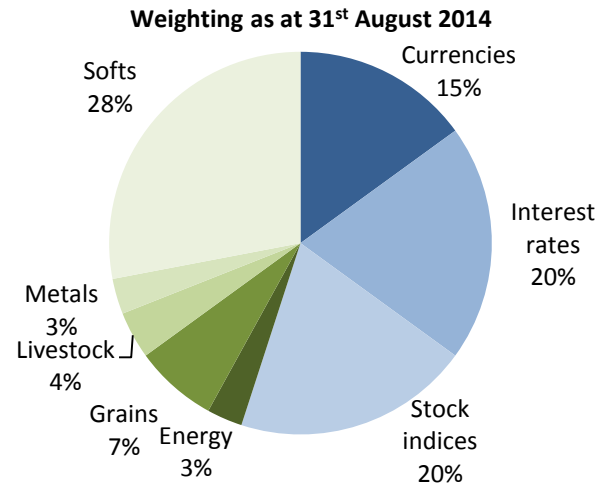
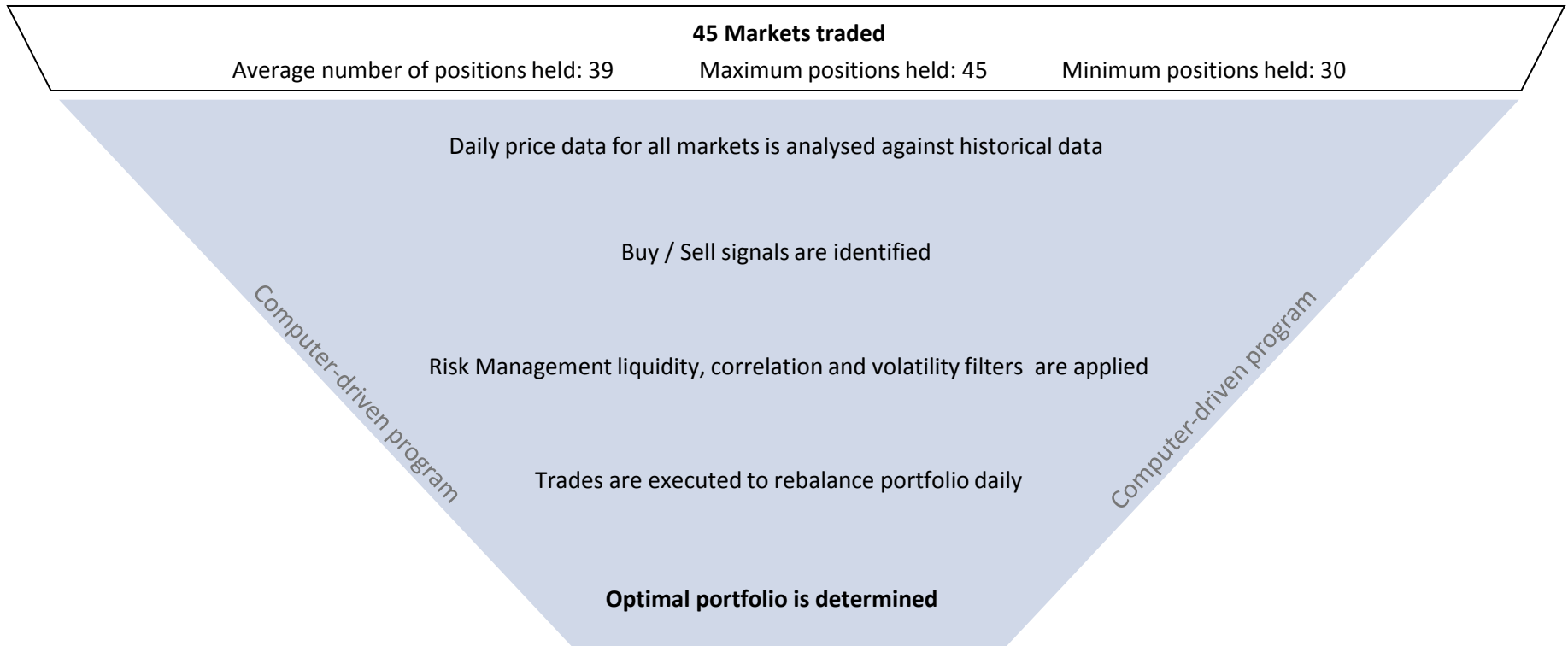
Performance between May 1999 and July 2001 is that of a managed account. Performance from March 2002 is that of the US\$ share class of The Mulvaney Global Markets Fund. Ltd. There is no actual performance data between July 2001 and March 2002 and therefore it has not been included.

\* Please refer to note 2 in the Important Information at the end of the presentation.

## Top winners and losers by market, gross returns

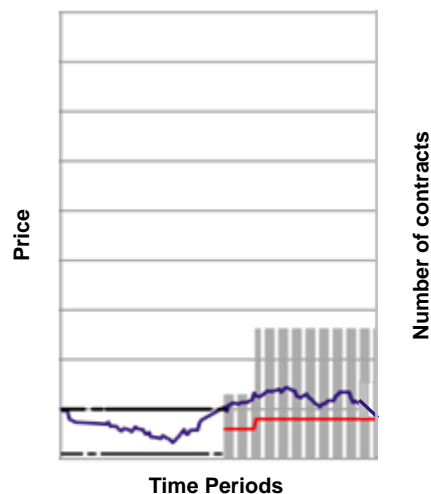


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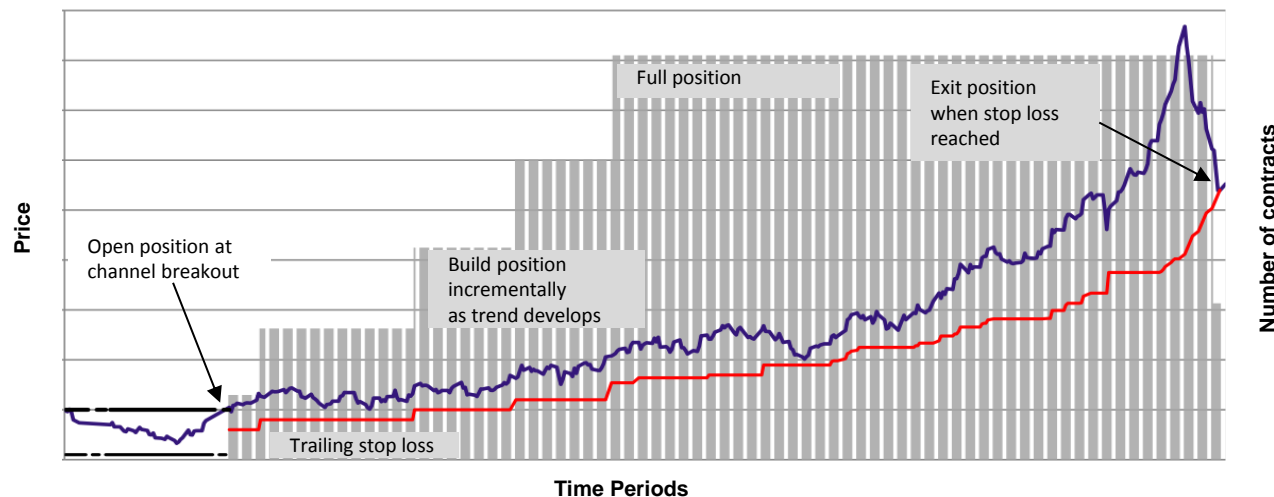


## We use a channel breakout trading technique

ILLUSTRATIVE EXAMPLE – LOSING TRADE

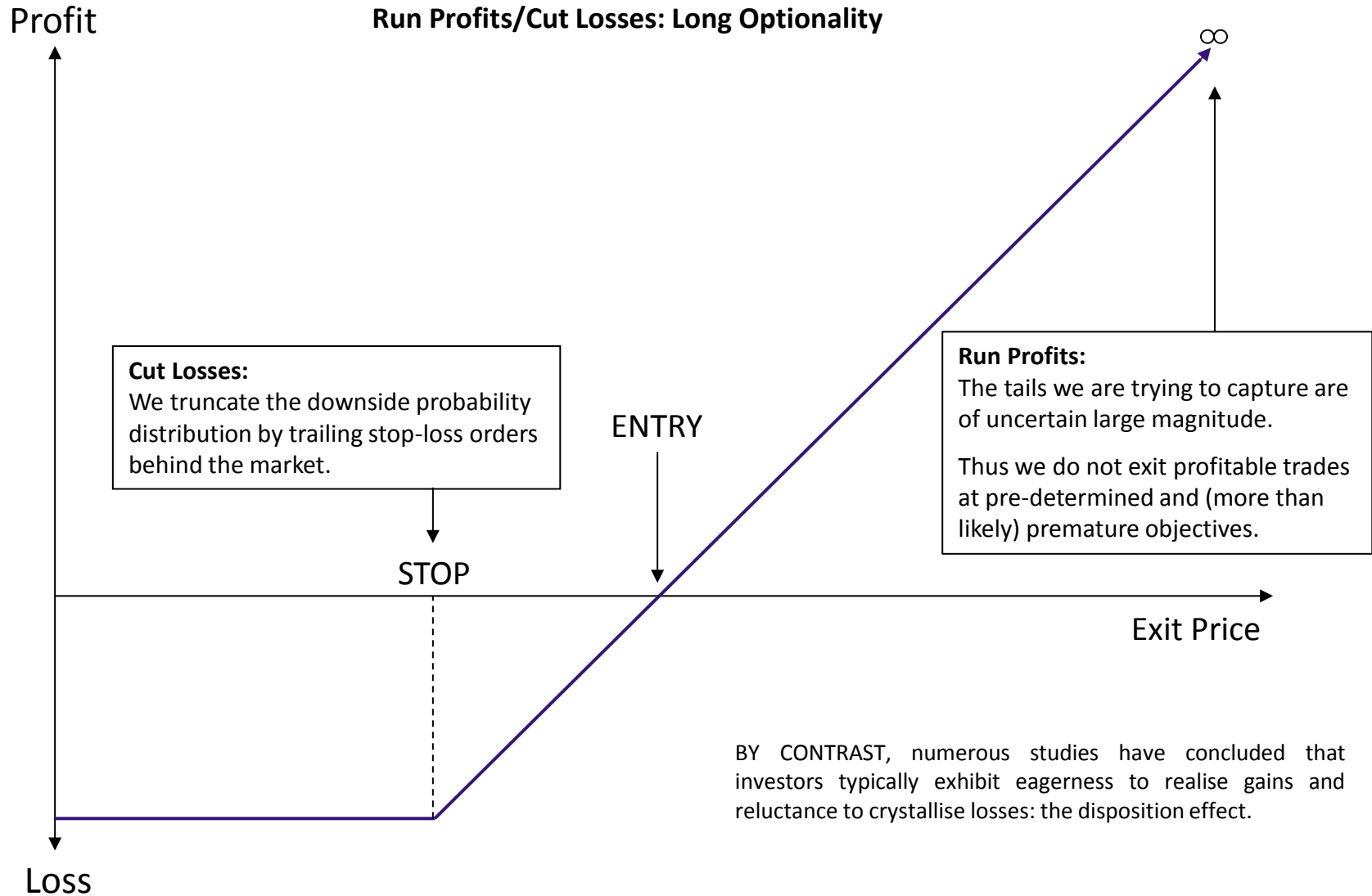


ILLUSTRATIVE EXAMPLE – EXCEPTIONAL WINNING TRADE

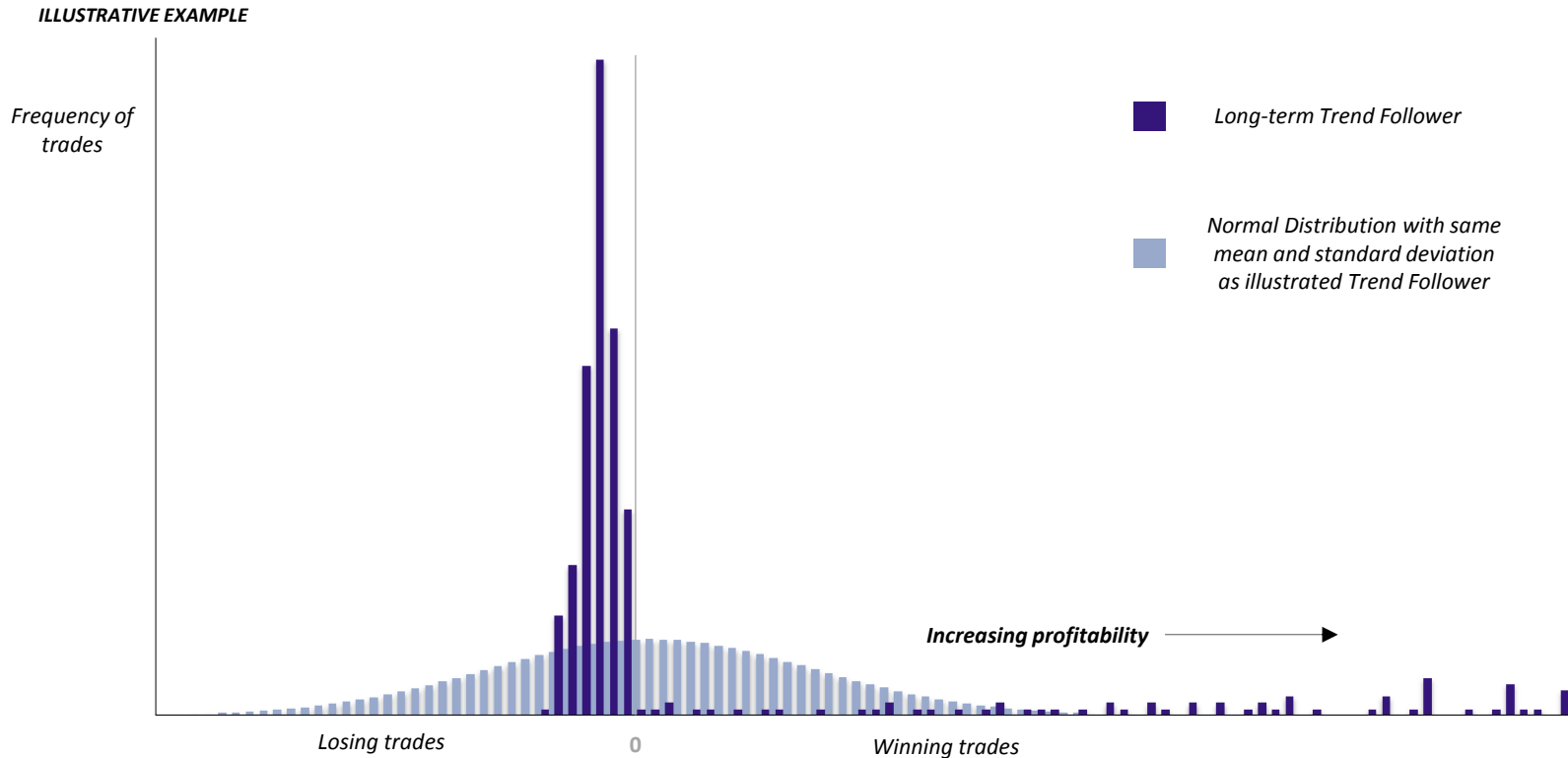


- 80%\* of our trades are losing trades.
- Losing trades are cut quickly, with the system initially risking only a small percentage of account equity.
- For winning trades, price volatility tends to increase as the trend develops. Widening stop losses allow for this.
- There are no price or profit targets: positions are exited only if the price penetrates the active stop loss.





## Our investment and trading processes capture right hand tail returns



- Wide stops on longer term trends allow for capture of right hand tail returns and “black swan” events.
- Hence the majority of volatility from the Program is generated by winning trades.
- The returns of long-term trend followers are not normally distributed. Therefore volatility cannot measure our risk.

*“There are plenty of intuitive reasons for using volatility as a proxy for risk. Volatility is also nice because it’s a number, standard deviation or variance....But volatility cannot deal with fat tails, with non-normal distributions.....”*

**Peter L. Bernstein**

- Drawdowns tend to occur when several trends end simultaneously, or during periods of non-trending markets.
- No change to the strategy in drawdown. We do not constrain the recovery of the program.

Drawdown (Peak to Valley)	Significant event/Program highlights	Recovery
45.03% (Apr 11-Nov 12)	Prevailing 'Risk On or Risk Off' sentiment influenced by monetary policy • Program whip-sawed in commodity, currency and equity markets	Ongoing
41.28% (Apr 06-Aug 07)	Onset of Credit Crisis • Program exited or reversed 86% of positions in July/August 2007	6 months
35.44% (Jan 09-Jul 10)	Greece crisis/stalling global recovery and food price appreciation in 2010 • System reversed long equity and short food/agricultural positions.	3 months

- Significant drawdowns have occurred at major market dislocations, and have typically been followed new and potentially profitable trends.
- The program has generated returns in excess of 100% within a 12 month period on three separate occasions:

Net Return	Significant event/Program highlights	12 Month Period
119.39%	• Significant price rises in cotton and precious metals as well as a notable contribution from falling interest rates.	Aug 10–Apr 11
115.14%	• Gains from major bull and bear trends in commodities. Autumn equity market collapse.	Dec 07-Nov 08
101.81%	• Strong gains in metals with copper making all time highs. Rising global stock markets and bullish trends in soft commodity markets.	May 05-Apr 06

## MONTHLY PERFORMANCE (%) NET OF FEES

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YEAR
<b>2014</b>	-1.46%	1.36%	4.65%	2.67%	-4.47%	2.37%	2.25%	9.33%					<b>17.31%</b>
<b>2013</b>	10.46%	7.39%	9.29%	9.73%	0.13%	-3.15%	-4.03%	-10.90%	2.61%	7.29%	11.58%	-1.24%	<b>43.12%</b>
<b>2012</b>	-3.75%	0.78%	5.21%	-1.08%	-0.90%	-18.12%	11.38%	-6.26%	-8.58%	-15.07%	-0.97%	0.76%	<b>-33.72%</b>
<b>2011</b>	2.07%	9.78%	-4.62%	6.07%	-11.82%	-7.41%	11.15%	1.59%	-4.20%	-14.14%	12.05%	-1.64%	<b>-5.26%</b>
<b>2010</b>	-3.84%	-7.15%	-5.15%	2.02%	-8.77%	0.53%	-12.03%	14.59%	16.46%	22.29%	-5.36%	25.30%	<b>34.90%</b>
<b>2009</b>	1.60%	-0.03%	-3.36%	-5.51%	-1.30%	-6.81%	-0.53%	10.85%	1.32%	-7.86%	10.70%	-3.19%	<b>-5.90%</b>
<b>2008</b>	21.65%	28.86%	-7.96%	-8.58%	5.35%	8.51%	-18.78%	-6.73%	11.58%	45.49%	6.97%	5.30%	<b>108.87%</b>
<b>2007</b>	0.56%	-5.18%	-8.82%	2.59%	4.70%	4.85%	-16.89%	-19.40%	3.92%	13.72%	-8.59%	8.47%	<b>-23.14%</b>
<b>2006</b>	11.09%	-2.70%	13.05%	11.46%	-4.27%	-6.10%	-5.20%	1.95%	1.00%	-0.13%	0.56%	1.60%	<b>21.94%</b>
<b>2005</b>	-4.28%	0.54%	2.30%	-9.28%	-4.08%	5.32%	6.62%	2.78%	13.57%	-5.64%	15.27%	8.35%	<b>32.34%</b>
<b>2004</b>	4.19%	8.45%	2.37%	-11.50%	-6.99%	-0.73%	-0.41%	-6.21%	7.76%	0.76%	9.63%	-4.94%	<b>-0.10%</b>
<b>2003</b>	13.20%	7.22%	-12.83%	1.45%	7.64%	-7.61%	-6.33%	0.07%	6.66%	15.32%	-0.27%	5.35%	<b>29.28%</b>
<b>2002</b>	-	-	-7.52%	1.55%	6.75%	7.38%	5.95%	5.44%	5.13%	-7.73%	-5.08%	7.80%	<b>19.37%</b>
<b>2001</b>	-9.62%	18.76%	13.46%	-15.25%	-0.66%	5.39%	-1.26%	-	-	-	-	-	<b>6.69%</b>
<b>2000</b>	-5.02%	2.52%	-8.40%	-0.27%	6.97%	1.55%	-1.25%	12.68%	-4.36%	1.96%	9.05%	8.90%	<b>24.51%</b>
<b>1999</b>					-0.29%	-0.14%	-2.22%	2.13%	-4.81%	-4.80%	7.01%	4.84%	<b>1.09%</b>

## ANALYTICS

NAV per share (USD class)	\$534.46	Largest Drawdown	-45.03%
NAV per share (EUR class)	€217.40	Best Month	45.49%
Margin to Equity (SPAN) – average over last 5 years	25.93%	Worst Month	-19.40%
Margin to Equity (SPAN) – highest ; lowest in last 5 years	44.73%; 10.86%	Percentage Up Months	55.37%
Fund Assets (USD million)	\$58	Program Assets (USD million)	\$158

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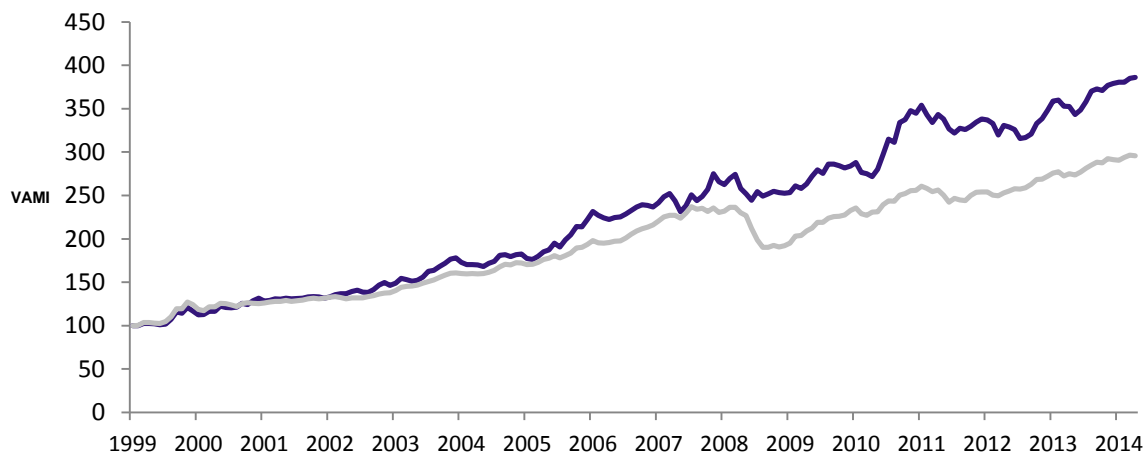
The monthly performance between May 1999 and July 2001 represents a managed account. Between August 2001 and February 2002 there were no AUM due to the migration of the program to a new investment vehicle, the Mulvaney Global Markets Fund Ltd. Monthly performance from March 2002 is that of the US\$ class of the Fund.

\* Please refer to note 2 in the Important Information at the end of the presentation.

## Markets Traded

<b>Stock Indices</b>	DAX	FTSE 100	FTSE MIB	Nikkei 225	Topix
	MSCI Taiwan	Nasdaq 100 e-Mini	S&P 500 e-Mini		
<b>Interest Rates</b>	Aus Bank Bill	Euro-Bund	Eurodollar	Euroyen	US Long Bond
	Canadian BA	Euroswiss	Euribor	Japanese Bond	Short Sterling
	Long Gilt				
<b>Currencies</b>	Japanese Yen	Swiss Franc	Australian Dollar	British Pound	Mexican Peso
	Canadian Dollar	Euro			
<b>Grains</b>	Soymeal	Soybeans	Soybean Oil	Corn	Wheat
<b>Softs</b>	Orange Juice	Coffee	Cotton	Cocoa	Sugar
<b>Livestock</b>	Live Cattle	Lean Hogs			
<b>Metals</b>	Copper	Gold	Silver		
<b>Energy</b>	Brent Crude Oil	WTI Crude Oil	Natural Gas	Gasoil	

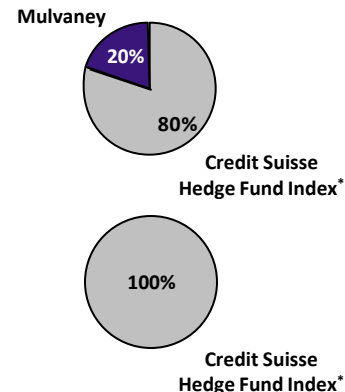
## Alternatives Portfolio<sup>†</sup>



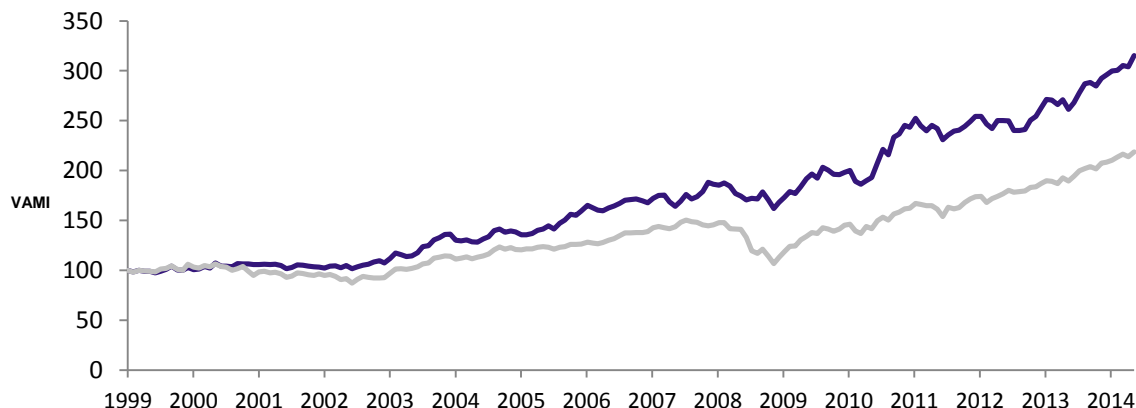
## Theoretical Returns: Monthly Portfolio Rebalancing<sup>††</sup>

Total return +285.89%  
Return p.a. +9.26%  
Largest drawdown -11.15%

Total return +195.66%  
Return p.a. +7.37%  
Largest drawdown -19.68%

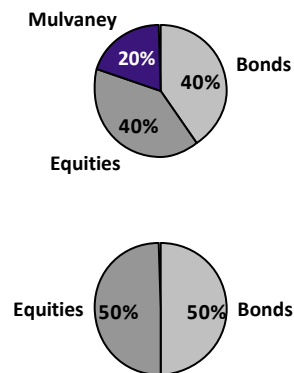


## Traditional Portfolio



Total return +215.08%  
Return p.a. +7.77%  
Largest drawdown -13.95%

Total return +118.78%  
Return p.a. +5.24%  
Largest drawdown -29.00%



<sup>††</sup> Portfolio rebalanced monthly to allocation specified by pie chart. Rebalancing effect over certain months can dramatically affect overall performance statistics. No transaction costs have been included.

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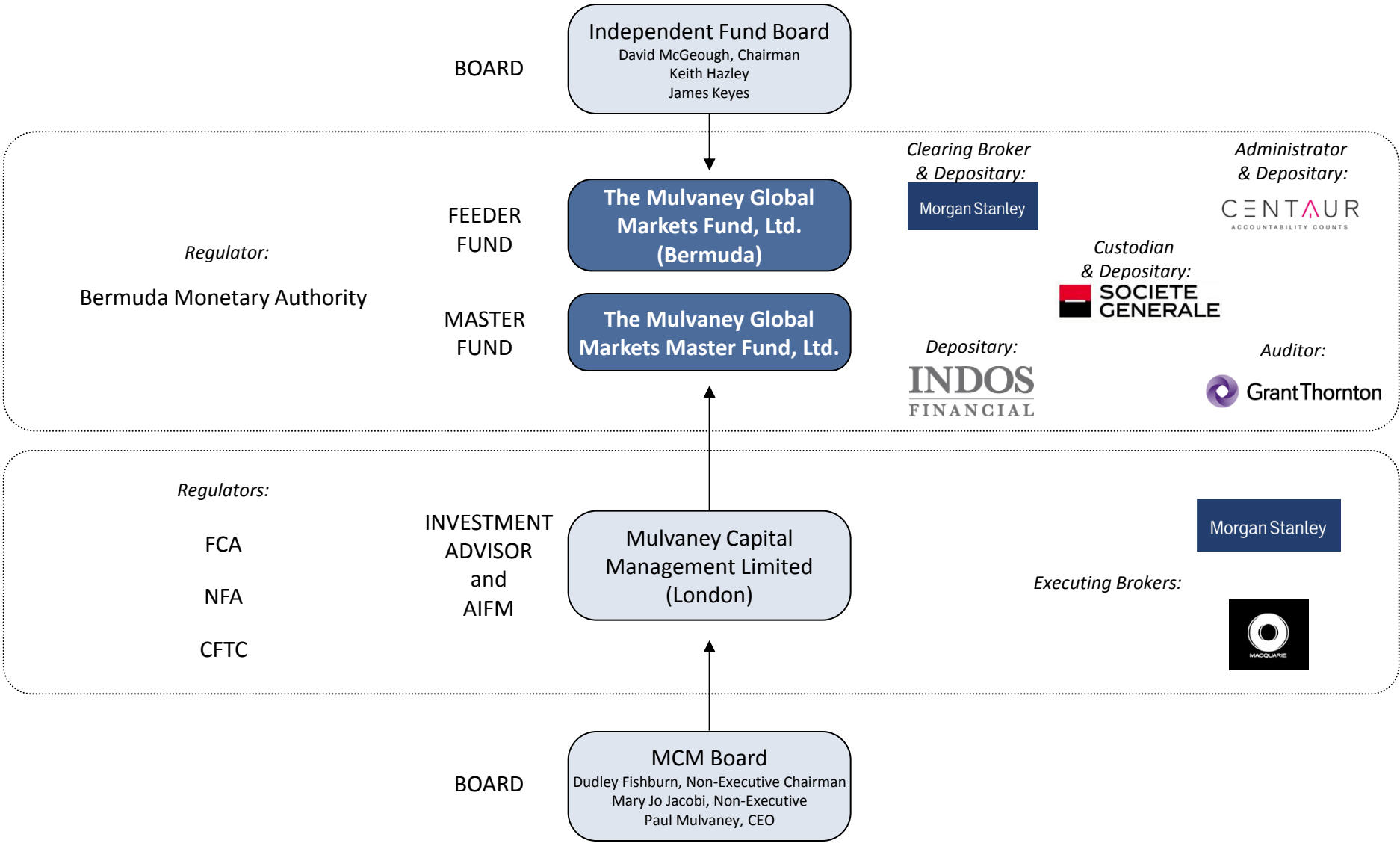
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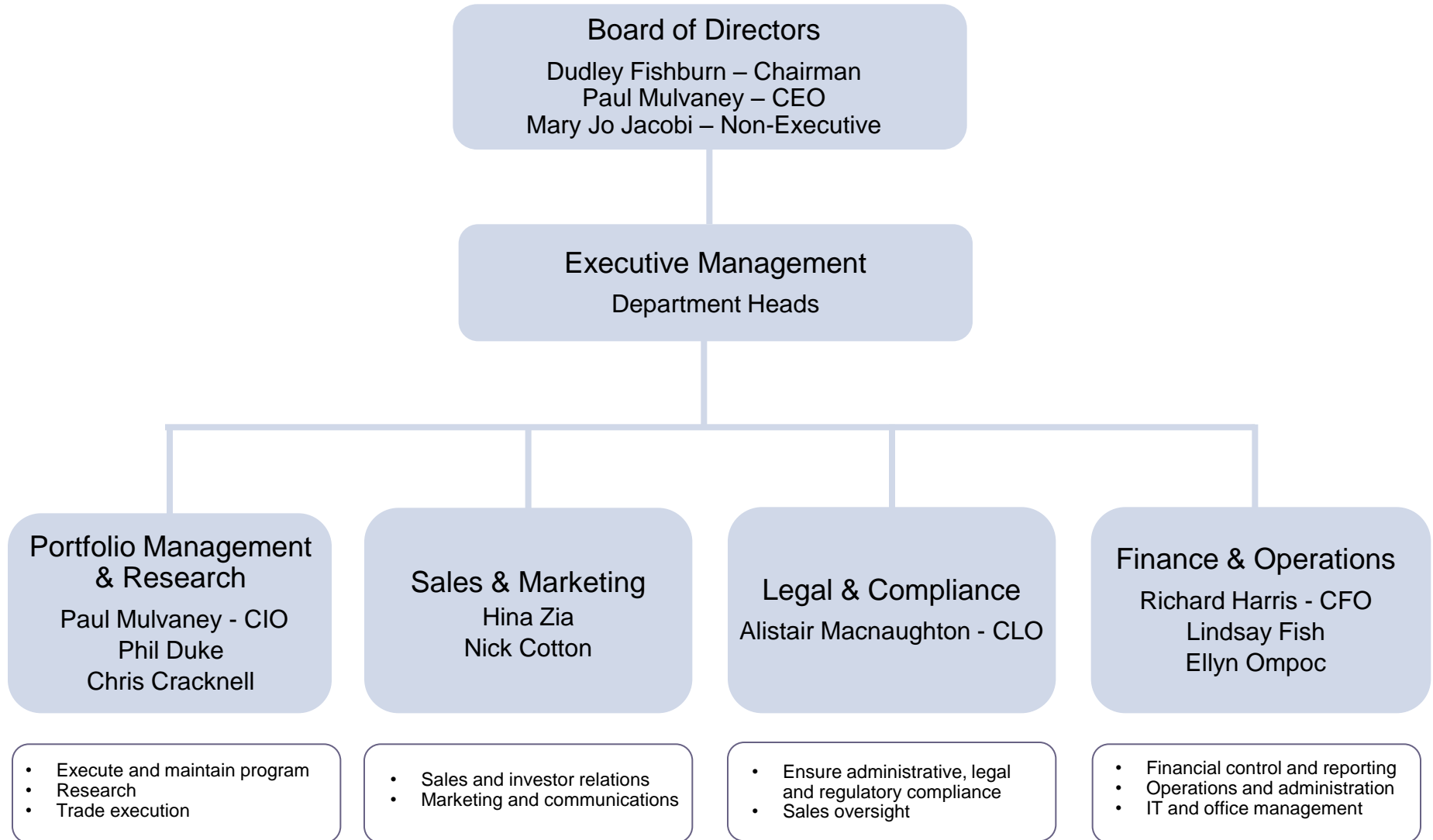
<sup>†</sup> Please note performance details for the Alternatives Portfolio is up to the 31<sup>st</sup> of July 2014.

Sources: Equities: S&P 500 Index Total Returns (Gross Dividends)\*. Bonds: Barclays Global Corporate Bond Index (Bloomberg)\*. Alternatives: Credit Suisse Hedge Fund Index\*.

\* Please refer to note 2 in the Important Information at the end of the presentation.

# THE MULVANEY GLOBAL MARKETS FUND: INDEPENDENT OVERSIGHT AND INSTITUTIONAL QUALITY SUPPORT







## **Paul Mulvaney** **Chief Executive Officer & Chief Investment Officer**

Paul graduated from Manchester University in 1985 with a First Class Honours degree in Computer Science & Mathematics. He completed the one-year Management Science program at Imperial College, London in 1986, earning an MSc with Distinction. The focus of his Master's thesis was computerised arbitrage models for interest and exchange rate trading.

After university, Paul held posts in derivatives and foreign exchange trading at Midland Montagu, Bankers Trust Company and NatWest Markets before joining Merrill Lynch in September 1993. At Merrill Lynch he managed several of the firm's major options portfolios, including Global Foreign Exchange Options and Exotic Commodity Options. Mr. Mulvaney left Merrill Lynch in 1999 in order to found Mulvaney Capital.

## **Alistair Macnaughton** **Chief Legal Officer**

Alistair joined Mulvaney Capital in August 2008 and has responsibility for advising on legal and regulatory matters. Alistair is the Compliance Officer and Company Secretary.

Prior to joining Mulvaney Capital, Alistair was Deputy Head of Legal at Threadneedle Asset Management (November 2006 to August 2008). Before this he was a senior legal consultant to Merrill Lynch's Global Private Client business in Europe and the Middle East (April 2005 to September 2006) and European Counsel to Morgan Stanley's Private Wealth Management business in Europe (September 1999 to April 2004). Alistair has also held senior legal roles at Gartmore and Lloyds TSB.

Alistair graduated from the University College of Wales, Aberystwyth in 1983 with an honours degree in Economics and Philosophy. He received an M.A. in Business Law from the Polytechnic of Central London in 1986 and was also called to the Bar of England & Wales that same year.

## **Richard Harris** **Chief Financial Officer**

Richard joined Mulvaney Capital in August 2009, and is responsible for the Finance, IT, Treasury and Office Management functions.

Richard began his career at Standard Chartered Bank before joining ABN Bank (subsequently ABN AMRO) in 1987, where he worked in a wide variety of finance roles supporting the Investment Banking and Private Client divisions. In 2000 Richard transferred to ABN AMRO Asset Management, becoming UK Head of Finance in 2004.

Richard is a member of the Association of Chartered Certified Accountants.

## **Dudley Fishburn** **Non-executive Chairman**

Dudley joined the Board of Mulvaney Capital as a non-executive Chairman in April 2011.

Dudley has broad experience in corporate governance across the world. He retired from the Board of HSBC Bank plc in 2009. He has been Executive Editor of The Economist, on the Board of Overseers of Harvard University and Member of Parliament for Kensington. He is currently a Director of Philip Morris International Inc.

Given a longstanding interest in higher education, he chairs the Visiting Committee to the Cambridge University Library and is a Trustee of the Centre for the Advanced Study of India at the University of Pennsylvania. He is currently Chairman of a private IT company, Bluecube Technology Ltd.

## **Mary Jo Jacobi** **Non-executive Director**

Mary Jo joined the Board of Mulvaney Capital as a non-executive director in January 2010.

Mary Jo has more than 30 years' experience in the financial services, energy and public sectors in the UK and USA. In addition to leading a consulting practice, she is a non-executive director of Panafsat and chair of the IDM Group. She was appointed by Prime Minister David Cameron to the Advisory Committee on Business Appointments and she is a member of the Foreign Office's Wilton Park Advisory Council. She also serves on several not-for-profit boards.

Previously Mary Jo was a senior executive of Royal Dutch Shell, BP America, Lehman Brothers, HSBC Holdings and Drexel Burnham Lambert. She has been a non-executive director of Tate & Lyle. She was the first woman to chair the Board of the Ladies Professional Golf Association.

In the public sector Mary Jo was appointed Assistant Secretary of Commerce by US President George H W Bush; served as Special Assistant to President Ronald Reagan, who also appointed her to his Advisory Committee on Trade Negotiations; and was appointed a British Civil Service Commissioner by HM Queen Elizabeth II. She began her career on the staff of the US Senate Commerce Committee.

Management fee:	2% per annum
Performance fee:	20% (subject to a high water mark)
Min. investment:	100,000 USD; 100,000 EUR
Liquidity:	Monthly (Five day redemption notice period)
Investment Adviser:	Mulvaney Capital Management Limited
Domicile:	Bermuda
Fund administrator:	Centaur Fund Services Limited
Clearing broker:	Morgan Stanley & Co, LLC
Auditor:	Grant Thornton
Custodian:	Société Générale S.A.
Depositaries:	Morgan Stanley & Co, LLC, Société Générale S.A., Centaur Financial Limited and INDOS Financial Limited
Bloomberg:	MULVGMU (\$); MULVGME (€)
ISIN:	BMG635931006 (\$); BMG635931261 (€)
SEDOL:	B0334T2 (\$); B0334R0 (€)



## **Harnessing volatility to enhance returns**

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- Along with the potential for profit, trading in futures, options, forwards and currencies and the use of leverage can involve substantial risk and may not be suitable for every investor. There can be no assurance that Mulvaney Capital will achieve profits or avoid incurring substantial losses. Investors should be aware that they may lose more than their entire investment and be able to bear such loss.
- **Prospective investors should particularly note that past performance is not necessarily indicative of future results.**
- For further information and detailed monthly performance analysis, please contact us at [info@mulvaneycapital.com](mailto:info@mulvaneycapital.com) or visit our website at: [www.mulvaneycapital.com](http://www.mulvaneycapital.com).

## Notes

1. The statistical data on [www.managedfutures.com](http://www.managedfutures.com) and [www.barclayhedge.com](http://www.barclayhedge.com) is provided by, respectively, Altegris and BarclayHedge. However, no part of this presentation contains the opinion of or analysis by Altegris or BarclayHedge or their affiliates, nor any recommendation or endorsement by them as to any firm or investment product. Altegris and BarclayHedge do not make any representation or warranty of, or assume any liability for, the accuracy or completeness of the information in this presentation.
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Performance represented by a hedge fund index is subject to a variety of material distortions, and investments in individual hedge funds involve material risks that are not typically reflected by an index, including the “risk of ruin.” The hedge fund universe from which the components of a hedge fund-based index are selected is based on funds which have continued to report results for a minimum period of time. This prerequisite for fund selection interjects a significant element of “survivor bias” into the reported levels of an index, as generally only successful funds will continue to report for the required period. Accordingly, indexation of hedge funds tends to overstate the beneficial aspects of these strategies while obscuring the attendant risks. Numerous hedge funds have suffered sudden and dramatic losses, and this “risk of ruin” is not reflected in an index combining a large number of self-reporting funds. There can be no assurance that the Fund will not suffer substantial or total losses.