



November 2014

Cheyne Equity Fund European Mid Cap Portfolio

Fund Strategy

The European Mid Cap Equity Portfolio seeks to achieve its investment objective primarily through exposure to European equities with a market capitalization of between €500million and €10billion, as well as to a lesser degree other equities, indices and associated derivatives. European equities will generally be traded on a European market or be issued by European companies or companies whose business is primarily in Europe.

The strategy will invest in a portfolio primarily of individual equities, single name and index equity derivatives (e.g. futures, swaps and options), and foreign exchange (for hedging) with a focus on making absolute returns while seeking low correlation to the equity markets. The strategy may go long or short based on fundamental bottom-up research, and will aim to identify short term and long term investment opportunities focused on securities trading at compelling degrees of either under or over-valuation in the view of the Portfolio Manager.

The Portfolio Manager employs a fundamental bottom-up stock picking process driven by detailed financial and business research combined with an extensive meetings program with company management. The Portfolio Manager uses his own screening, research and valuation techniques to locate opportunities where his assessment of a company and its stock value differs from the market perception of the company and its stock price.

Management Company

Cheyne Capital was founded in 2000 by Jonathan Lourie (CEO) and Stuart Fiertz (President) after working together for nine years at Morgan Stanley. Chris Goekjian (formerly Head of the Global Fixed Income Division of Credit Suisse's investment bank) joined in April 2009 as CIO.

Cheyne is one of the top European alternative investment managers by AUM with net assets of approximately \$6 billion and 158 partners and employees.

The firm's main areas of expertise include corporate credit, real estate debt, event driven, convertible bond and equity strategies.

Performance of the Cheyne European Mid Cap Equity Portfolio

Cheyne European Mid Cap Equity Portfolio – USD (%) ⁽¹⁾													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2012 (%)				0.6 ⁽²⁾	0.1 ⁽²⁾	0.1	1.1	1.7	1.5	(0.1)	0.2	1.3	6.6
2013 (%)	2.2	0.6	0.7	(0.7)	1.4	0.4	0.2	0.6	0.5	(0.2)	1.1	0.6	7.5
2014 (%)	0.3	1.6	0.5	(2.3)	0.2	(0.3)	2.0	0.9	0.4	(0.6)	2.2		4.9

Comparative Performance Statistics (Since Portfolio Inception)			
	Cheyne European Mid Cap Equity Portfolio (USD) ⁽²⁾	Stoxx Europe Mid 200 Index (MCXP USD)	Dow Jones Credit Suisse L/S Equity Hedge Fund Index (HEDGLSEQ)
2014 Return YTD (%)	4.9	(4.0)	5.2
Cumulative Return (% since Fund inc.)	20.2	28.1	25.0
Annualised Return (%)	7.1	9.7	8.7
Annualised Volatility (%)	3.2	15.7	5.4
Sharpe Ratio ⁽³⁾	2.2	0.6	1.6

(1) Performance shown is net of advisory and management fees and broker commission. Performance reflects the reinvestment of dividends and other earnings. Past performance is not a reliable indicator of future performance and you may receive less than you originally invest. Investments other than the base currency of the portfolio may be subject to exchange rate fluctuations.

(2) Performance provided from 1st April to 14th May 2012 is the European Mid Cap Sub-Strategy's performance carved out of the Cheyne Equity Fund prior to the Cheyne European Mid Cap Portfolio's creation, with estimated associated expenses allocated.

(3) Sharpe ratio is calculated using a RFR defined as the average one month Libor since inception.