

December 2010

Monthly Report



Cyril Systematic USD Fund

The Cyril Systematic USD Fund posted a gain of 6.25% for the month of December. This brings the full year performance of the Fund to 9.11%.

December saw the return of the 'risk on' trade and equity and commodity markets broadly moved higher. The Fund capitalised on this environment quite effectively as the commodity sector, in particular, posted strong gains for the Fund. In fact all sectors, with the exception of the long term bond sector, posted gains for the Fund.

On the commodity front, the grain sector was the standout performer as it posted a gain of approximately 2.44%. Long positions were in place across all markets traded in the sector coming into the month and these remained in place as grain prices generally moved higher throughout December. The Soybean market is worthy of special note. A long position taken here resulted in a profit for the Fund of almost 0.70% as the Soybean contract rose from 1243.00 to 1393.75 from beginning to month end. The metals sector was also a fruitful hunting ground for the Fund. The Gold market continued its upward trend during December and profits were booked here as a result of a long position that had been taken. The Copper markets were also a rich source of return, and in particular a long Copper (3 month) position resulted in a gain for the Fund of approximately 0.35% as the contract rose from 8500.00 to approximately 9500.00. As a whole, the metals sector registered a profit of 1.00% for the Fund. Profits were also booked across most contracts in the energy sector with a long Brent Crude Oil position being a standout performer. This position was in place throughout the month as the contract moved from 85.71 to 93.09. The only blemish in this sector was a loss of approximately 0.25% that was posted as a result of activity in the Natural Gas market. Price action in this market was extremely choppy with the contract opening the month at 4.19. It then rose to a high of 4.63, hit a low of 3.95 before closing the month at the 4.40 level. While both long and short positions were taken at various points in the month, they ultimately proved fruitless. Notwithstanding this loss, the energy sector contributed 0.87% to Fund performance in December. The softs sector posted a gain for the Fund of 0.33%.

Foreign exchange market activity resulted in a profit for the Fund of approximately 1.35%. Much activity took place across the 25 contracts that are now traded within the sector. The highlights within this sector came from EUR/CHF, EUR/NOK, USD/JPY and USD/AUD trading. A short EUR/CHF position was in place throughout the month as the Euro fell from 1.32 to 1.25 against the Swiss Franc. This resulted in a gain of 0.45%. This weakening Euro story was also played out against the Norwegian Krone. No position was in place at the outset of the month in this currency

pair, but as Euro weakness against the Krone became apparent short positions were entered into as the Euro slipped from 8.050 to 7.808 from beginning to month end. To round out the winners in the sector, a short USD/AUD position resulted in a profit for the Fund of almost 0.30% as the US Dollar depreciated by approximately 6% against the Australian Dollar. The most challenging currency pair to trade proved to be EUR/USD. Coming out of November the Euro had fallen in value against the US Dollar and hence a short position was in place. During December the common currency rallied in early trading, then fell before rising again against the greenback by month end. Having started the month at 1.2985, EUR/USD closed out the month at 1.3364. A loss of 0.25% was posted owing to the short position that had been taken.

Mixed returns were experienced in the bond sector as profits recorded in the short-term bond space were almost perfectly offset by losses incurred in the long term bond space. A long Euribor position accounted for the lion's share of positive returns in the short term bond sector as the contract rose from 98.20 to 98.51 from the 15th of December through to month end. Within the long term bond sector, a short Bund position resulted in a gain of almost 0.20% as the contract moved from 126.06 to approximately 125.65. More modest returns were also made as a result of short US 5-Year and 10-Year Note positions but these were more than offset by losses incurred on the back of a long position that was taken in the Schatz. At the outset of the month this contract rose to 109.07. It then fell dramatically to almost 108.50. At this point the long position was exited and a short position was taken only for the contract to rise again from mid-month through to month end back to the 109.07 level. A loss of almost 0.50% was booked as a result of this trading activity.

Finally, equity market trading contributed 0.37% to overall Fund performance. Long Kospi 200 positions were particularly profitable as the index rose from 250.00 to 270.00 in December. Further long positions in the E-Mini S&P, the DAX, Nikkei 225 and NASDAQ also contributed positively to Fund performance. Some of these gains were, however, offset by a loss incurred owing to a short IBEX 35 position. December saw a recovery in the Spanish stock market that saw the index rise from 9500.00 to the 9800.00 level resulting in losses for the Fund.

After a difficult trading period in November, the Fund bounced back in December to post a strong gain that left the Fund in positive territory for 2010. While the first half of 2010 was challenging, the Fund has experienced a run up in performance of almost 12% since August and we look forward to 2011 and the trading opportunities it will bring us.

LM T RATES

ST RATES

CURRENCIES

STOCKS

ENERGIES

METALS

GRAINS

SOFTS

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Past performance is not necessarily indicative of future results.

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Cyril Systematic USD Fund Assets: \$26 mio

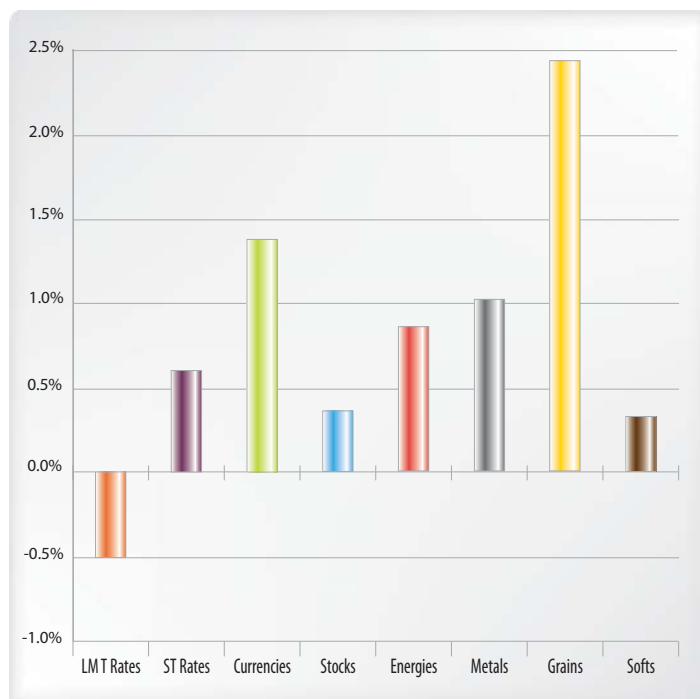
Cyril Systematic USD Fund / Monthly track record

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Year
2000							- 3.30%	0.58%	- 3.08%	- 1.76%	3.90%	10.01%	5.84%
2001	4.36%	0.29%	4.76%	- 2.14%	2.51%	- 1.27%	- 4.31%	4.88%	2.39%	2.99%	- 1.74%	- 2.44%	10.17%
2002	- 2.63%	- 8.80%	5.36%	- 1.81%	0.49%	10.16%	4.13%	- 0.58%	3.60%	- 5.66%	- 1.89%	9.31%	10.35%
2003	3.07%	2.87%	- 4.49%	- 4.87%	9.70%	- 1.74%	5.37%	- 2.45%	8.04%	2.71%	- 6.99%	3.90%	14.46%
2004	2.41%	6.61%	1.17%	2.67%	1.32%	- 6.42%	3.06%	2.25%	- 3.86%	0.67%	3.99%	- 2.75%	10.92%
2005	- 9.72%	6.91%	- 4.49%	- 1.13%	3.23%	3.35%	- 0.65%	5.79%	- 0.75%	2.09%	5.70%	0.30%	9.80%
2006	4.50%	- 3.07%	- 1.46%	17.49%	1.86%	- 7.61%	- 2.12%	2.67%	- 0.04%	0.30%	2.07%	- 5.00%	7.82%
2007	1.88%	- 1.93%	- 0.48%	2.13%	- 1.24%	5.29%	1.20%	- 0.05%	6.46%	2.56%	3.68%	0.54%	21.58%
2008	4.56%	7.02%	0.61%	- 0.24%	2.56%	- 0.99%	- 5.49%	7.16%	- 0.84%	5.76%	0.61%	2.54%	24.96%
2009	- 1.73%	- 0.22%	- 6.34%	- 6.10%	8.91%	- 0.29%	0.64%	0.05%	1.40%	- 3.38%	4.00%	- 3.77%	- 7.54%
2010	- 2.07%	- 0.97%	0.91%	- 0.50%	0.33%	0.47%	- 0.65%	5.23%	1.41%	3.44%	- 4.61%	6.25%	9.11%

Source: John Locke Investments

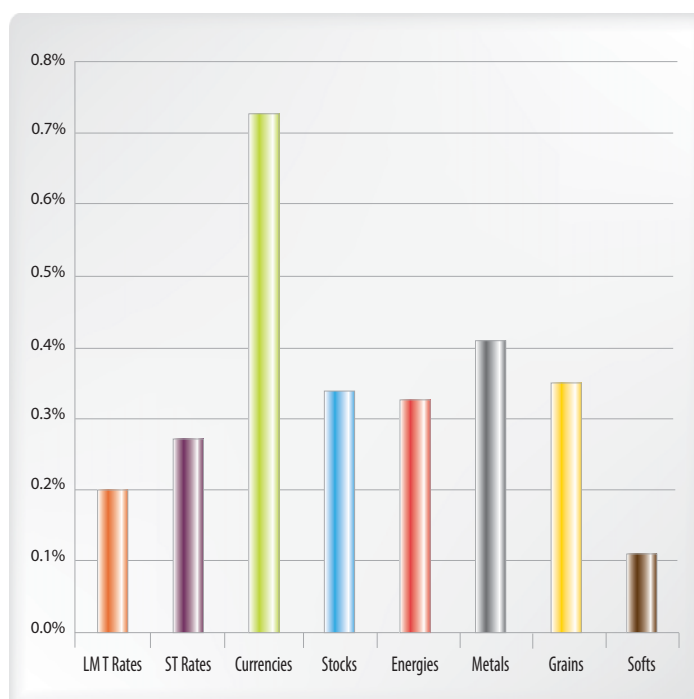
From 07-2000 to 12-2005 : performance of Cyril Systematic EURO fund rewarded with 2% management fee and a 1.2 times leverage.

Performance Attribution (monthly)



Source: John Locke Investments

Sector Risk Exposure as of December 31st



Source: John Locke Investments

Margin to Equity Cyril Systematic USD 11.66%



LMT RATES



ST RATES



CURRENCIES



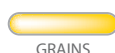
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