

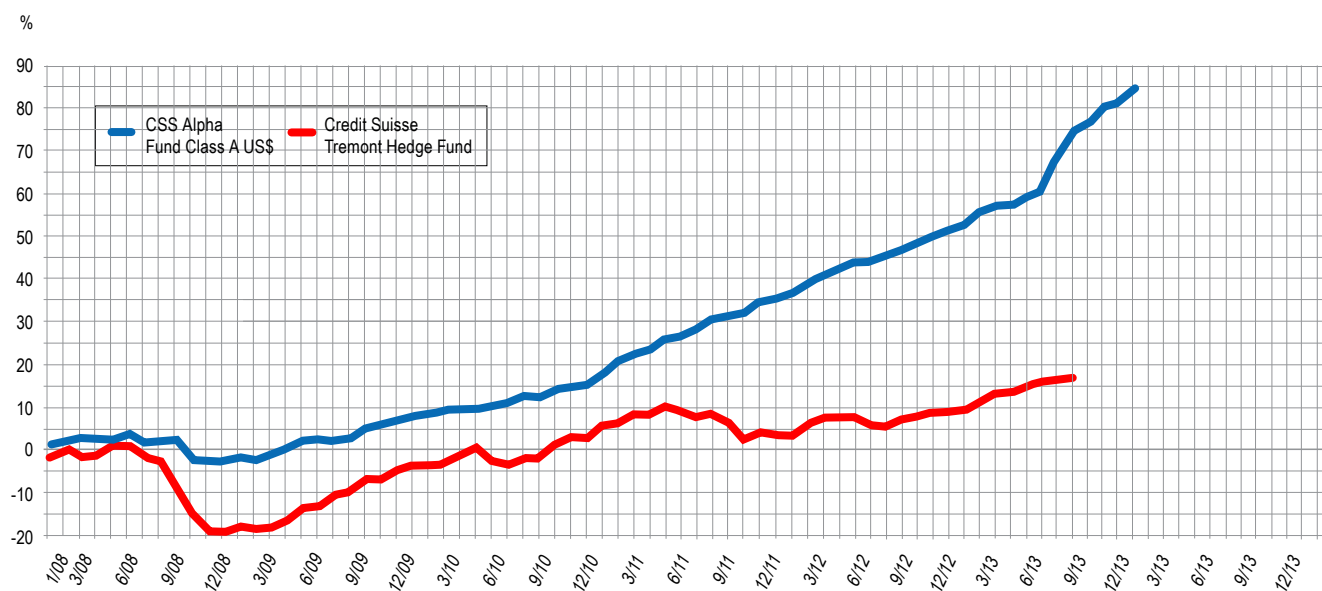


CSS ALPHA FUND LTD

DISCUSSION OF INVESTMENT STRATEGY AND PERFORMANCE OCTOBER 2013

	Oct 2013	YTD 2013	2012	2011	2010	2009	2008	2007
CSS Alpha Class A (%)								
US\$	1.67	19.62	13.91	16.72	13.30	10.57	-2.66	8.91
£	2.59	21.27	8.84	24.97				
CSS Alpha Class B US\$ (%)								
	0.57	3.09	-6.67	-0.47	5.96	23.45	-4.21	

Performance since May 2008



Review of October 2013

Class A – Credit strategy

Our results for the month, net of fees, are + 1.67% in the US\$ Class and + 2.59% in the £ Class. Realised equity gains enhanced our core returns and currency gains further enhanced the £ Class. We had twelve open loan positions at month end. We received sizeable repayments during the month and our cash balances and near cash are now at approximately 18% of the total fund. The holding in CSS Alpha Class B is used as a near cash investment.

The allocation of gross assets at the end of October 2013 was as follows:

Asset breakdown of the Fund	%
Cash	14.1
Investment in CSS Alpha Class B	3.8
Loan Assets	79.8
Private equity holdings	2.3
Total	100.0

Below we are providing a more detailed analysis of our loan portfolio analysed by the types of loans we typically provide:

Currency of denomination of loans	\$	£	Total	%
Bridge Loans	\$593,865.45	\$228,968.05	\$822,833.50	39%
Invoice discounting / purchase order financing	0	0	0	–
Stock finance	\$79,411.05	\$144,908.20	\$224,319.25	11%
Property related	\$651,797.53	0	\$651,797.53	31%
Public company financing	\$284,014.86	\$104,950.31	\$388,965.17	19%
Total	\$1,609,088.90	\$478,826.56	\$2,087,915.46	100%

The currency of exposure of the Fund is approximately 80% in US\$ after hedging our excess sterling exposure.

Currency exposure of the Fund (%)

US\$ (loan positions and cash)	61.5	
Long US\$ (£/US\$ hedge)	18.4	
US\$ Exposure of Class A		79.9%
£ (loan positions)	38.4	
Short £ (£/US\$ hedge)	-18.4	
£ Exposure of Class A		20.0%
	rounded	100%

Risk Statistics

October 2013	Class A	Class B
Monthly volatility annualised (%)	4.18	6.89
Sharpe ratio	3.24	0.39
Correlation to S&P	-0.02	

Class B – Portfolio trading strategy

Class B	Class B	Class B
Discretionary trading	FX Systematic	Combined
Stephane Benichou	Duncan Larraz	Oct 2013
1.47%	-0.51%	0.57%

In October the discretionary strategy was up 1.47%. We entered 6 calendar spreads and closed 3. We also had some success in some directional single stocks, indexes and forex trading.

The Systematic FX strategy ended the month of October down 0.51% after fees. This was primarily attributable to the low volatility and lack of directional conviction evident in the currency pairs we traded resulting from the US government shutdown in the first half of the month and fears of continuing political gridlock.

Following passage of the US budget bill mid-month and the release of the delayed September unemployment report on the 22nd, we saw markets finally begin to exhibit some more persistent moves, and indeed the strategy recovered most of the month's drawdown from that point onwards, to end on a modest loss for the month.

Fund open to new subscribers

The Fund is open to new subscribers in both Class A and Class B. We believe that the stable returns of the credit strategy in Class A combine well with the more volatile but very liquid strategies of Class B. Our objective is to achieve 1% per month in both Class A and Class B with reasonable consistency.

Transparency and due diligence

The Fund's NAV is calculated by Bank of Cyprus monthly, with the assistance of the global accounting firm PWC. The Fund's auditor is KPMG and the audited financial statements of the Fund as at December 2012 are now available. The Fund maintains its bank accounts with Barclays Bank in London and securities accounts are maintained with IB Brokers and Canaccord in London.

Our information memorandum and subscription agreement are available upon request.

NAV

The NAV for the Class A and Class B Variable Participating Preference Shares was approved by Bank of Cyprus as Administrators of the Fund.

10 November 2013

DISCLAIMER: This monthly valuation sheet is not an offer of securities which may only be made pursuant to the Fund's information memorandum and subscription agreement. An investment in the Fund is only suitable for sophisticated investors. Past performance is not indicative of future performance.



CSS ALPHA FUND LTD OCT 2013

Class A invests in short term public and private debt instruments, bridge loans and special situation investments. Our target horizon is typically 180 days and we seek to achieve a target return of 2-3% per month on invested assets. Class B is low volatility absolute return trading account. We seek to create a diversified portfolio of risk taking in the traded options, futures, equity and commodity markets.

		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD %
2013	CSS Alpha Class A annual performance													
	Monthly performance US\$ Class	0.71	0.34	1.03	1.35	4.56	4.22	1.03	2.22	1.04	1.67			
	YTD 2013	0.71	1.06	2.09	3.47	8.19	12.76	13.92	16.45	17.66	19.62			19.62
	Monthly performance £ Class	3.27	4.76	1.11	-0.78	6.90	4.08	1.37	-0.06	-3.18	2.59			
	YTD 2013	3.27	8.18	9.38	8.32	15.79	20.52	22.16	22.09	18.20	21.27			21.27
	CSS Alpha Class B annual performance													
2012	Monthly performance	-2.44	-0.08	2.38	-0.07	0.97	0.32	2.03	0.98	-1.57	0.57			
	YTD 2013	-2.44	-2.52	-0.20	-0.28	0.69	1.01	3.06	4.07	2.51	3.09			3.09
	CSS Alpha Class A annual performance													
	Monthly performance US\$ Class	1.59	1.56	1.06	1.04	-0.05	1.24	0.78	1.00	1.09	1.00	0.62	2.17	
	YTD 2012	0.13	0.57	0.47	-0.33	5.22	-0.64	0.99	-0.01	-0.98	1.21	1.32	0.68	13.91
	Monthly performance £ Class	0.13	0.69	1.17	0.84	6.11	5.43	6.47	6.46	5.42	6.70	8.11	8.84	8.84
2011	CSS Alpha Class B annual performance													
	Monthly performance	-2.81	0.05	-3.40	-0.47	-0.10	-0.19	0.11	1.70	-1.04	0.26	0.74	-1.60	
	YTD 2012	-2.81	-2.76	-6.07	-6.51	-6.60	-6.78	-6.68	-5.10	-6.09	-5.85	-5.15	-6.67	-6.67
	CSS Alpha Class A annual performance													
	Monthly performance US\$ Class	0.23	1.33	0.86	2.01	3.12	1.36	1.73	0.63	0.40	2.20	1.34	0.41	
	YTD 2011	-0.16	-0.03	2.54	-2.21	8.49	4.10	-0.50	1.64	4.81	-0.99	3.90	1.40	16.72
2010	Monthly performance £ Class	-0.16	-0.19	2.34	0.08	8.57	13.02	12.46	14.31	19.81	18.63	23.25	24.97	24.97
	CSS Alpha Class B annual performance													
	Monthly performance	-0.02	-0.10	0.15	-2.89	1.18	-0.63	-1.09	0.26	1.14	0.69	-0.62	-1.30	
	YTD 2011	-0.02	-0.13	0.03	-2.87	1.77	1.09	-0.06	0.16	1.17	1.71	0.98	-0.47	-0.47
	CSS Alpha Class A													
	Monthly performance	0.77	0.65	0.22	-0.13	0.76	1.51	1.18	-0.14	1.06	0.86	0.53	2.19	9.85
2010	YTD 2010	0.77	1.43	1.65	1.52	2.28	3.83	5.06	4.91	6.02	6.93	7.49	9.85	(at audit 13.02%)
	CSS Alpha Class B													
	Monthly performance	0.77	0.65	0.22	-0.13	4.95	0.24	-0.06	0.37	-0.91	-0.31	1.04	-0.90	
	YTD 2010	0.77	1.43	1.65	1.52	6.54	6.80	6.74	7.13	6.15	5.82	6.92	5.96	5.96

NOTES

CSS Alpha commenced trading in April 2008. The results from February 2006 to March 2008 were from trading in a separate account. The Class A and Class B results from March 2013 are after the effect of a capital restructuring.

HISTORIC PERFORMANCE %	2007	2008	2009	2010	2011	2012
Class A (US\$)	8.91	-2.66	10.57	9.85	16.61	13.91
Class B		-4.21	23.45	5.96	-0.47	-6.67

RISK STATISTICS OCT 2013	Class A	Class B
Monthly volatility annualised (%)	4.22	0.07
Sharpe ratio	3.24	0.49
Correlation to S&P	-0.02	

NET ASSET VALUES OCT 2013	Class A US\$	Class A £	Class B US\$*
Results for the month (%)	1.67	2.59	0.57
Results YTD 2013 (%)	19.62	21.27	3.09
Net Asset Value (US\$)	1.5672		1.0931
Net Asset Value (£)		1.5995	

* Pro forma results excluding the results of a terminated test

KEY INFORMATION ON CSS ALPHA FUND LTD

Fund Manager	Charles Street Securities Europe LLP, London
Fund Domicile	Cyprus
Strategies	Short term secured debt financing and absolute return trading strategies
Custodian & Fund Administrator	Bank of Cyprus
Broker	Interactive Brokers LLC
Bankers	Barclays Bank PLC
Auditors	KPMG, Nicosia, Cyprus
Legal Advisers	Stelios Americanos, Nicosia, Cyprus

Personel

Gerard Mizrahi (61)

1984 to present
1973 - 1983
1970 - 1973

Founder and CEO Charles Street Securities Europe LLP
Chase Manhattan Bank
King's College, Cambridge, MA, Economics

Stephane Benichou (36)

2006
1998 - 2006
1994 - 1999

Registered Trader with Charles Street Securities Europe LLP
Futures Trader and Technical Analysis with various firms
BA, MA, PhD (ex Thesis) in Finance, Paris, Sorbonne University

Duncan Larraz CFA (51)

2013
2009 - 2013
1983 - 2009

Portfolio manager with Charles Street Securities Europe LLP
Independent systematic strategy developer and trader
Portfolio manager and trader for a number of major financial institutions (incl UBS, Gulf Intl, Nomura, Merrill Lynch, County Bank)
BA (Hons) in Natural Science - Engineering Science, Oxford University
BA, MA, PhD (ex Thesis) in Finance, Paris, Sorbonne University

HISTORIC STATISTICS - CLASS A SINCE 2009

	%
Best month	4.56
Worst month	-0.36
Average month	1.19

HISTORIC STATISTICS - CLASS B SINCE 2008

	%
Average month Class B	0.28
Winning months (%)	81.71

MARKET STATISTICS

	%
Annualised return Class A since Jan 2009	14.30
Annualised return Class B (pro-forma) since Jan 2008	3.29
FTSE 2013 YTD	14.14
DJIA 2013 YTD	18.60
NASDAQ 2013 YTD	29.80
CSSFB Tremont Index Sep YTD 2013	5.35
CSSFB Tremont Multi Strat Sep YTD 2013	6.62

FUND INFORMATION

Class A & Fees Class B Fees	2% plus 20%
HWM	Yes
Redemption Class A	On quarter days
Redemption Class B	Monthly
Minimum subscription	\$100,000
Subscription	Monthly

FUND MANAGER

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Authorised and regulated by the Financial Conduct Authority

IMPORTANT NOTICE

This performance statistics sheet is not an offer of securities in the Fund, which may only be made pursuant to the Fund's information memorandum and subscription agreement. An investment in the Fund is only suitable for sophisticated investors. Past performance is not indicative of future performance.