

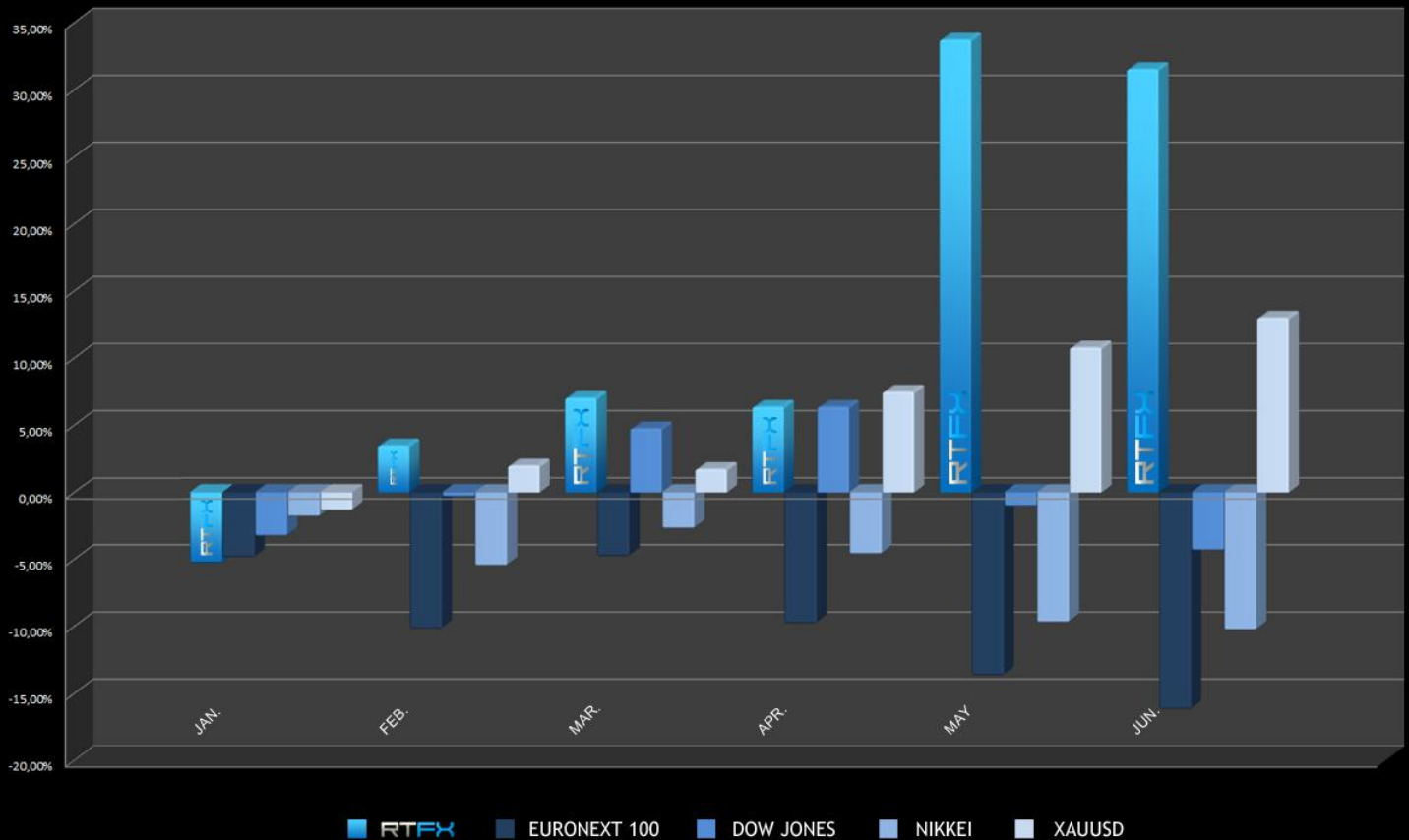


ASSET MANAGEMENT SERVICES

Newsletter, June 2010

Benchmark comparison (Accumulated Performance)

RTFX Asset Management vs Benchmark - YEAR 2010



The Chart above shows RTFX accumulated Management Services' performance for the year 2010. As previously indicated, none of the benchmarks managed to outperform RTFX, not even gold, which was in high demand given its safe haven status in the current uncertain economic environment.

The Chart indicates that, with a relative increase (or decrease) in accumulated performance in any given month, hence increased volatility in the market, RTFX's system generally outperformed the equity and commodity markets. The month of February 2010 is a good example. While Gold recorded a gain of 3.41% and the Dow Jones enjoyed a positive return of 2.93%, the increased optimism and volatility in the markets resulted in RTFX recording a performance of 8.81%. During May 2010, when most markets recorded negative performances, with large monthly changes, RTFX registered a 27.37% increase in its performance, bringing its 2010 accumulated return to 31.54%. At the same time, the Dow Jones fell 7.46% in May, and the NIKKEI and the EURONEXT 100 fell 5.09% and 3.89%, respectively.

The chart also illustrates how, in months of relatively low volatility, RTFX's system is able to limit its losses and in most cases even make a profit. As shown by the selected benchmarks, March, April and June, enjoyed relatively low volatility. During the same period, RTFX recorded a 3.54% increase for March, and a decrease, during April and June, of 0.66% and 2.19%, respectively.

Market Commentary

EUR/USD

EUR/USD trading for the month of June began with an opening price of 1.2306 and closed at the price of 1.2236. Throughout the month, the EUR/USD reached a maximum high of 1.2466 (21st June) and the lowest low of 1.1876 (7th June) which also represented a four year low for the currency pair.

Despite hitting four year lows early during the month, the Euro managed to defend its price beyond the 1.2150 key levels.

During the month we have witnessed a relative consolidation of Euro Zone debt problems, and although it still remains a concern for the markets, we have only seen a very limited deterioration of the situation for the Euro Zone. On the other hand, the United States was increasingly monitored since data issued did not clearly support a sustained economic recovery. Data released was very mixed with markets losing or gaining confidence on the negativity or positivity of the data.

With the US debt and deficit acquiring some share of the limelight, one can say that the relative depreciation of US Dollar, as a safe haven, has brought it a step closer to Euro Zone situation and might explain the reduced support for the US Dollar and relatively increased support for the EURO. These movements in support might have been the reason behind the EUR/USD pair trading at higher prices for the month of June.

Various analysts remain of the idea that bearishness is to resume with target levels close to 1.1640 still possible (this represents the November 2005 low). The question here is whether the EUR/USD is consolidating for the longer term or not.

Market movements throughout the month of June have displayed political uncertainties, news on fiscal measures and Economic data releases, as the major concerns for the market, with investors swinging from believing in a consolidated economic recovery or back to an endangered recovery and a double dip scenario.

The month started off negatively with figures released end of May from the Euro Zone revealing lax inflation and poor confidence figures and an easing of Chinese PMI. But, a heavier blow was dealt to the Euro when the highly awaited figures for United States Non Farm Payrolls, released in the first week of June, resulted in a disappointment.

This release was being regarded as a point of consolidation for US economic growth - but forecasted levels were being set too high. Even though, at first glance, the release showed a significant increase, it fell short of targeted expectations. US employers created 431,000 jobs in May, which figure was short of the 513,000 predicted by analysts polled by Reuters. In addition to this shortfall, a more detailed look at the data revealed that the jump in payrolls was largely attributed to government employment, whereas the private sector only represented a mere 41,000 of the 431,000 gain.

Investors were battered by this outcome; in a conference following the release Ben Bernanke reassured markets that growth was still intact despite the disappointing employment figures. The culmination of these episodes, amongst others, resulted in the 7th June four year lows for the EUR/USD.

During June, we also witnessed a strong movement towards measures aimed at fiscal consolidation; in Germany, for example, the German cabinet approved significant budget cuts and Angela Merkel was quoted as saying that “*solid finances*” are the “*best form of crisis prevention*”.

During June as well, more details of the structure of the European Financial Stabilisation Fund (EFSF) were concluded and, although the rescue package was not unknown, it provided a structure to the previously announced program. Economists viewed these developments as driving the Euro Zone closer to a fiscal union.

Euro Zone ministers also planned to authorize the creation of a cash reserve to provide a cash buffer for the operation of the EFSF (when any loans are made). Even an upgrade to the Stability Pact had been agreed upon which mainly included, the presentation of national budgetary plans to the commission, earlier sanctions (if debt rises too fast or if the 3% threshold is trespassed) and the monitoring of competitiveness indicators as part of the fiscal analysis.

The Euro was also backed by comments from a Chinese national pension fund chief that expressed views that Euro will gradually stabilize and survive the crisis and expressed concerns on the United States’ fiscal deficit.

Euro support also came from a positively concluded ECB press conference following the ECB’s interest rate announcement decision. In the press conference, President Trichet announced 3-month tenders would be extended through to September. This probably provided comfort, in the sense, that it may help provide liquidity and will reduce the impact of the EUR442bln in 1-year loans falling due in July. The outlook given was one of moderate economic growth, and a ‘broadly balanced’ economic outlook.

Moreover on the 17th June, ECB council member Axel Weber told a conference in Frankfurt that the Euro Zone had solved its state solvency problem. Mr Weber explained that, by the end of summer, the European Union and International Monetary Fund would have secured enough funds to cover the debt of the Euro Zone’s most vulnerable states - namely Greece, Portugal, Spain and Ireland. All this explains the support for the Euro.

Around mid-June, EU leaders agreed to publicize the stress test results of major European banking institutions, and this continued to restore market confidence for the Euro Zone in view of the implied greater transparency.

Other short-term movers were China’s announcement to un peg from the US Dollar, Fitch’s downgrade of BNP Paribas and Moody’s concern on Spanish banks, which reignited some negativity and concerns about the Euro Zone banking sector.

EUR/USD a 52-wk Glance

Back in June 2009, the markets were still questioning the strength of the Economic recovery, like today - the only difference was that, at that time, the United States was the black sheep, not the Euro Zone. Relativity speaking, the Euro Zone was seen to be in a better position, expectations for European growth were high and Europe had not as yet spent as much as United States, Japan or the United Kingdom during the financial crisis.

Support for the Euro pushed the EUR/USD pair up to 52-week highs, at around 1.51 levels, towards the end of November 2009. However, the story changed as, in early December 2009, Greek problems started to surface. The first half of 2010 was a constant demise for the Euro. It was a constant questioning of the Euro and the Euro Zone, with doubts even revolving around whether the common currency would manage to survive this demise.

RTFX Asset Management Performance for June

Our Managed Account service (“Shiva”) is more efficient when markets are volatile or form a clear trend during a trading session. In times of range trading, Shiva has a tendency to underperform. In fact, within the 22-trading days of June, if one were to measure changes (in pips) from close to open to gauge the strength of trend for the day, one would find that, during those 22-days, the highest variance between close and open (in pips) was 196 and the lowest variance (in pips) was 6.

There were 10-days that may be considered as a clearer in trend; these were days with over 75-pips variance (irrespective if market was bullish or bearish) between close to open. During these days, Shiva managed to make gains on 9 out of these 10-days. During the less volatile remaining 12-days (that is, with less than 53-pip changes), Shiva contracted due to lack of market direction or trend. Total overall performance for the month was -2.19%. This is explainable due to the majority of trading days having lacked a trend.

Taking a closer look at the best performing day, 4th June, it was also the day with highest variance between close and open for any day during the month. In fact, this represented a high of 196-pips. Preceding the 4th June, Euro was already weak and data releases were not so good in view of the lax inflation and poor confidence figures in the Euro Zone and an easing Chinese PMI. On 4th June, poor Non Farm Payrolls gave further rise to a considerable swing in price movement for the pair.

The least performing day for Shiva was 9th June, which was also the day with the least variance in pips between the open and close, with a low for pip change at 6.

The best and the worst days of performance coinciding with the biggest and smallest change from open to close further confirms that Shiva works best in volatile markets and during clear trend.

Benchmark performance

RTFX Asset Management vs Benchmark Performance - 2010

	RTFX	EURONEXT 100	DowJones	NIKKEI	XAUUSD
June '10 Performance	-2.19%	-2.53%	-3.30%	-0.58%	2.22%
Highest Daily Performance	3.78%	2.54%	2.74%	1.59%	1.85%
Lowest Daily Performance	-3.58%	-2.74%	-3.10%	-1.90%	-1.76%
2010 Performance	31.54%	-16.23%	-4.38%	-10.32%	13.02%
Highest Daily Performance	10.20%	3.91%	3.84%	2.34%	2.86%
Lowest Daily Performance	-4.37%	-3.33%	-3.57%	-2.18%	-4.14%

The above table compares RTFX Management Services' performance and volatility to the following selected benchmarks: EURONEXT 100, Dow Jones, NIKKEI and Gold.

While RTFX's Asset Management service recorded a loss of 2.19% in the month of June, which is in line with other sectors of the financial markets, it managed to limit its losses compared to the Dow Jones -3.30% and the EURONEXT 100 -2.53%. The management service's draw-down is mainly attributed to the decreased volatility in the currency market during June. July, however, has had a good start with a strong rebound in the EUR/USD rate during the first few trading sessions. The uncertainty surrounding the current economic recovery in the USA, combined with China's stock market plummeting over 25% in the past 12 months, has certainly added volatility to the FX market, which we believe, in return, will assist the service to better perform during the summer. On a monthly and annual basis, one can notice that RTFX's system's volatility is not much greater than most equity markets. Concurrently, in terms of comparative performance with most benchmarks, RTFX stands out, with a year-to-date gain of 31.54%, while most benchmarks witness negative results.

Benchmark performance

Leverage Used

YEAR	MONTH	MAX_LEVERAGE_SHORT	MAX_LEVERAGE_LONG	GAINS	LOSSES
2009	October	-11.05	14.81	8	11
2009	November	-15.65	18.72	5	16
2009	December	-13.76	13.03	8	14
2010	January	-12.86	12.26	8	13
2010	February	-11.81	9.85	8	12
2010	March	-9.89	12.98	8	15
2010	April	-10.73	9.80	9	13
2010	May	-9.48	7.80	14	7
2010	June	-12.04	9.31	9	12

The above table compares the leverage used by RTFX Asset Management Service on a monthly basis. The table illustrates the statistics from October 2009 to date. While RTFX can sometimes use a relatively high leverage, it only does so by adding to profitable positions. In other words, RTFX will always minimize its exposure when losing money. Furthermore, since our last upgrade in March to our Asset Management Parameters, RTFX is using less leverage than previous months. This does not however prevent RTFX from obtaining a high return on investment. Consequently, RTFX Asset Management Service has posted a positive return of 31.54% from January 2010 to end of Jun 2010.

Another interesting aspect from the table above is the fact that, for every month (except May 2010), the days with losses outnumber the days with gains. This further proves the ability of RTFX's service to limit its losses on unfavorable days, while maximizing profits on favorable days. In fact, while in February 2010, the losses stood at 12 days and the gains at 8 days, RTFX still managed to record an 8.81% positive return for the month. The same goes for March, where RTFX posted a positive return of 3.54% with 8 gains and 15 losses.

In May 2010, with gains at 14 and losses at 7, RTFX recorded a profit of 27.37%, thus proving its ability to capitalize to the maximum in a favorable market.

High Water Mark

High Water Mark (or “Loss Carry-Forward”): How does it work?

A high water mark (or "loss carry-forward provision") is applied by RTFX to its performance fee calculation. This means that RTFX charges a performance fee only on the performance in excess of the cumulative 4% benchmark it has previously achieved on your deposit. This is better understood by use of the following examples based on an initial deposit of €100'000.

Scenario A

If during your 1st Quarter, you register a performance of 15% on your initial deposit of €100'000 (that is, €15'000), a performance fee equal to 29.3% (that is, 40% of the excess above €4000 [4% benchmark] [$€15'000 - €4000 = €11'000 \times 40\% = €4'400$]) would be payable on the €15'000 performance. If during your 2nd Quarter, you register a performance of 1% on our initial deposit of €100'000 (that is, €1'000), no fee would be payable since the 4% minimum benchmark would not have been achieved.

Scenario B

If during your 1st Quarter, you register a negative performance of -2% on your initial deposit of €100'000 (that is, -€2'000), no fee would be payable since the 4% minimum benchmark would not have been achieved. If during your 2nd Quarter, you register a performance of 15% on your initial deposit of €100'000 (that is, €15'000), a performance fee equal to 24% (that is, 40% of the net cumulative excess above €6'000 [4% benchmark plus prior quarter loss of €2'000] [$€15'000 - €2'000 - €4'000 = €9'000 \times 40\% = €3'600$]) would be payable on the €15'000 performance, rather than the full performance of for your 2nd Quarter (that is, $€15'000 - €4'000 = €11'000 \times 40\% = €4'400$). In this way, RTFX is considering the negative performance of your previous quarter prior to calculating the performance fee on this current quarter (i.e. Loss Carry-Forward provision). In essence, RTFX includes within its performance fee calculation any negative performance from previous quarters prior to earning any performance fee. This directly links the interests of RTFX with yours as our esteemed client.

Leverage statement

We would also like to take this opportunity to remind you that, in the event you wish to increase your exposure in the Shiva Asset Management Service but are unwilling to transfer additional funds to your Shiva account, we have put in place alternative arrangements which may be of interest to you. We invite you to contact the Trading Desk for further information.

FOR MORE INFORMATION PLEASE VISIT:

[HTTP://WWW.RTFX.COM/ASSET-MANAGEMENT/](http://www.rtfx.com/asset-management/)

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