

# Newgate Alternative Investment Solutions Pall Mall Absolute Return Fund

**Current NAV per share as of 28 November 2008:**  
€74.01

**Initial NAV:**  
€100

**Assets under Management in the Fund:**  
€30 million<sup>1</sup>

**Fund Structure:**  
Open ended-investment company with variable capital  
(Société d' Investissement à Capital Variable (SICAV))

**Investment Philosophy:**  
The objective is to generate a consistent total return above the return generated by traditional investment vehicles through investment in long and short fixed income strategies, taking advantage of opportunities arising from inefficiencies and imbalances between markets and individual securities as well as directional trades in the fixed income universe.

**ISIN:**  
LU0195731509

**Bloomberg:**  
NWPMPARA LX

**Launch Date:**  
15 July 2004

**Custodian, Registrar, Transfer Agent:**  
LRI Landesbank Rheinland-Pfalz

**Auditors:**  
PricewaterhouseCoopers

**Valuation:**  
Weekly, on Thursdays

**Subscription and Redemption:**  
Before 17.00 (Luxembourg time) every Tuesday

Frank Hauprich / LRI Invest  
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**Investment Managers:**  
Curt Schibli, Emilio Orecchia

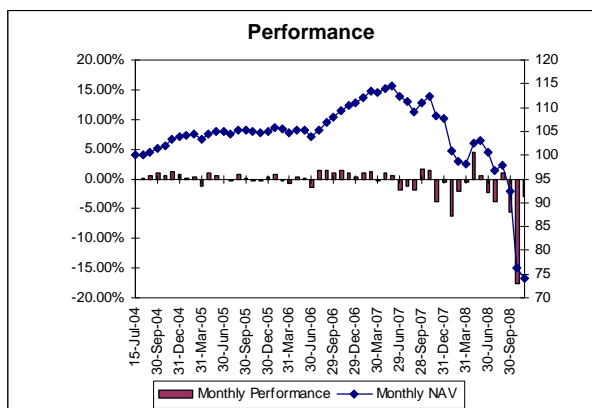
**Investment Management Team:**  
Curt Schibli, Emilio Orecchia, Chris Brils, Jonathan Goble, Oliver Chamberlain, Jason Late, James Hartigan, Alvaro Mata, Emma Marshall

## Risk Table

28 November 2008	Newgate PMAR	Euribor 1 Month	HFRXRVA Index*	ML Europ Govts	MSCI World
Monthly Return	-2.86%	0.28%	-7.91%	2.96%	-6.78%
Return since inception (15. Juli 04)	-25.99%	15.52%	-24.24%	18.74%	-16.54%
Annualised return Since Inception	-6.65%	3.35%	-6.15%	4.00%	-4.05%
Return Std Dev Since Inception	10.38%	0.30%	9.83%	3.47%	13.12%
Maximum Drawdown Since Inception	-17.53%	0.09%	-14.11%	-1.72%	-10.32%

\* Hedge Fund Research Relative Value Arbitrage Index

Performance Overview		
Performance 1 month	-2.86%	
Performance year-to-date	-31.22%	
Performance since inception	-25.99%	
Best month	4.49%	Apr 08
Worst month	-17.53%	Oct 08



## Monthly Performance (Net of fees)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Performance YTD
<b>2004</b>							0.06*	0.52%	0.87%	0.48%	1.28%	0.70%	8.79%
<b>2005</b>	0.08%	0.41%	-1.15%	1.01%	0.50%	-0.01%	-0.30%	0.72%	0.03%	-0.26%	-0.34%	0.31%	0.98%
<b>2006</b>	0.79%	-0.33%	-0.67%	0.39%	0.11%	-1.33%	1.34%	1.42%	1.02%	1.36%	0.99%	0.43%	5.62%
<b>2007</b>	0.98%	1.21%	-0.26%	0.91%	0.51%	-1.94%	-1.13%	-1.87%	1.46 %	-3.81%	-3.81%	-0.53%	-2.97%
<b>2008</b>	-6.26%	-2.15%	-0.63%	4.49%	0.45%	-2.21%	-3.78%	1.00%	-5.57%	-17.53%	-2.86%		-31.22%

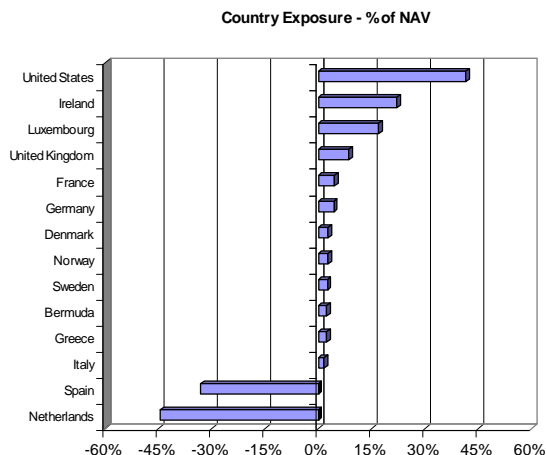
\* Fund was launched on 15 July 2004

### Top 5 Positions 28 November 2008

**Long**  
CSC Holdings  
Sithe  
Stone Energy  
Aquila  
Global Crossing

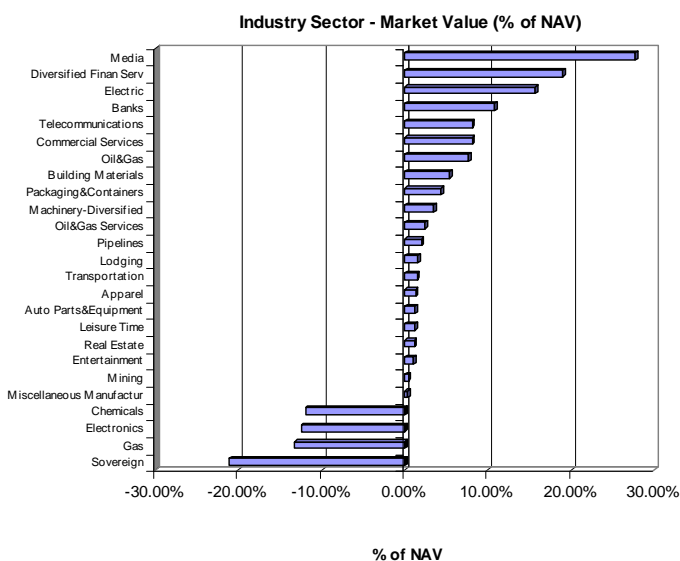
**Short**  
Seat (CDS)  
Ono (CDS)  
General Electric (CDS)  
Morgan Stanley (CDS)

### Allocation by Country 28 November 2008 (Net of cash position)

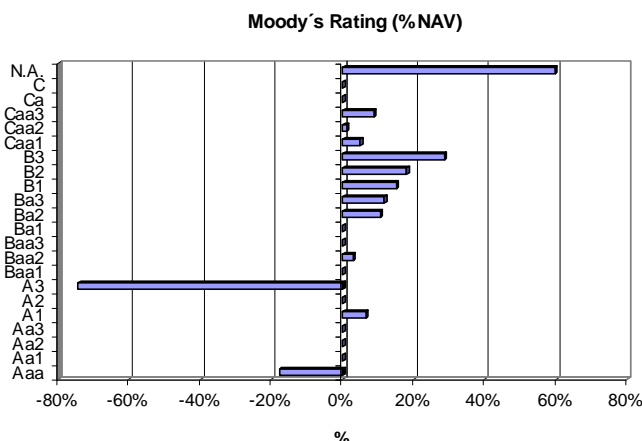


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## Allocation by Industry (Net of cash position)



## Allocation by Rating (Net of cash position)



### About the Investment Manager

Pall Mall Investment Management Ltd. is an independent specialist high yield fund management company founded as Pall Mall Partners Ltd. in 1998. The high yield team is headed by Curt H. Schibli Jr. has established a strong track record and is one of the highest ranked European fund managers in the peer group. Curt has over 18 years experience in leveraged finance and fixed income fund management, having worked with key institutions in the market such as Manufacturers Hanover Trust Co, Citibank, Bankers Trust and Schroders before joining to found Pall Mall's high yield business. Emilio Orecchia began his career in the Emerging markets sector in 1993 at Bankers Trust. He was one of the founding members of the Donaldson, Lufkin & Jenrette Emerging Markets team set up in 1995. After leading the Emerging Markets structured products sales effort for Europe at DLJ, he moved to Citibank in 2001 to establish their Credit Derivatives trading and structuring business in Latin America.

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### 1 IMPORTANT NOTE:

**Includes €10 m from the Architus - Pall Mall Absolute Return Fund Plus a parallel fund with identical investment guidelines and different Promoter/Sponsor.**

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### Manager's Report November 2008

#### Performance

The Newgate – Pall Mall Absolute Return Fund net asset value per share declined by 2.86% to Euro 74.01 in November.

#### Investment Outlook

Cash spreads remain at historic wides. Current spreads price in defaults well over 20% over a multi year period, which we feel is not realistic and a reflection of the high liquidity premium on high yield bonds. Hence there is excellent relative value in the market today. Real money investors are slowly and cautiously returning to the market. On the other end there are still some bouts of forced selling to be expected, albeit not as severe as seen in the recent past. There is evidence of improvement in credit conditions for issuers, especially in the investment grade universe. Many high yield issuers are successful in renegotiation terms with banks.

We remain confident that spreads are topping out over the next period, but also that volatility will remain at elevated levels for some time. Therefore a staged approach toward a high yield investment is advised, through a diversified portfolio with a higher quality focus. Default rates are expected to rise above 10% one year out and double B paper has been disproportionately affected by the sell-off and has the lowest default probabilities.