

11<sup>th</sup> July 2011

**Melchior Selected Trust European Absolute Return Fund to  
hard close at \$600m**

Following a period of strong inflows, Dalton Strategic Partnership (DSP) has taken the decision to hard close the award-winning Melchior Selected Trust: European Absolute Return Fund (MSTEARF), managed by Leonard Charlton. The closure will take effect from Monday 8th July.

MSTEARF, a UCITS III European equity long short fund, was launched in February 2010 since when it has delivered a return of 12.83% in Sterling terms (annualised 8.86%). This has been achieved with remarkably low volatility of only 4.17%.

The Melchior Selected Trust European Absolute Return Fund was soft closed to new investors on 6th June 2011 at \$500 million. Since then it has experienced inflows from existing investors of over \$100 million, taking the fund's assets under management to over \$600 million.

**Magnus Spence, Managing Partner at DSP, said:**

"Since the launch of the fund Leonard Charlton and his team have generated consistent positive returns with low volatility and a low correlation to equities. The decision to hard close the fund has been taken in order to ensure that investment performance is not negatively impacted by further inflows of assets".

**-ENDS-**

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### Notes to Editors

Dalton Strategic Partnership (DSP) is a global investment management firm founded in 2002 by Andrew Dalton and a number of former colleagues from Mercury Asset Management/Merrill Lynch Investment Managers. Assets under management are **USD 2.3 billion** (as at 28<sup>th</sup> February 2011). The firm's investment approach is underpinned by 3 core investment philosophies.

Investments should be managed in a **global context**, rather than within a narrow focus on one country or region. A global debate using macro-economic research and global investment horizons drive DSP's active investment approach. DSP has a highly experienced team of global investment managers who provide top-down views. These views are supported by market-specific research from specialist regional equity teams. With this background we believe that active investment management by talented stock pickers can consistently out-perform market indices.

DSP aims to achieve **absolute** returns. The managers use short selling strategies in their hedge funds and construct specialist, long-only equity portfolios. These portfolios are **unconstrained by benchmark considerations** and can hold significant cash levels. DSP believes investors will achieve better returns from investments based on **conviction** and **fundamental analysis** by skilled fund managers in **concentrated portfolios**.

A disciplined approach to **risk management** incorporates a proper understanding of risk and a sensitive approach to its application to portfolios. Risk is controlled by using sophisticated risk modelling techniques and fundamental analysis of stocks, recognising any dangers within them, rather than measuring risk with reference to benchmark indices.

DSP views the global investment environment as being unlikely to give outstanding returns over the next five years unless investors take a discerning approach. Investing in funds that 'hug' benchmark indices will not produce the best returns. However, average returns of 5-8% per annum from equities will hide a huge disparity of returns from individual companies. DSP believes the under-performance of growth stocks, over the last five years, provides opportunities for stock pickers and potential return will be found in companies that are **undervalued, under-researched** and yet have **sustainable growth earnings** and **clear, dominant franchises**. As a result DSP's fund managers tend to focus on **mid to small-cap** stocks in the developed markets.

DSP has identified several investment '**mega trends**'. Japanese recovery, India, Greater China, commodities, precious metals and oil have the potential to be great mega trends over the next 20 years.

DSP has three core businesses - a **hedge fund** business; a **unit trust** business, which manages a range of specialist long-only regional equity funds and sector funds; and a **segregated portfolio** management business offering global flexible asset allocation.

DSP is authorized and regulated by the Financial Services Authority. Dalton Capital (Hong Kong) Limited is authorized and regulated by the Securities and Futures Commission in Hong Kong. These are both owned by Dalton Capital (Guernsey) Limited which is regulated by the Guernsey Financial Services Commission.

**Product Range - Melchior is the brand name of DSP's funds.**

**Long-Only Specialist Equity Funds**

The funds listed below are sub-funds of the Melchior Investment Fund, an Open-Ended Investment Company, which is an OEIC with variable capital authorised by the FSA. Minimum investment £10,000

Melchior **Asian** Opportunities Fund  
Melchior **Japan** Opportunities Fund  
Melchior **Japan Advantage** Fund  
Melchior **North American** Opportunities Fund  
Melchior **UK** Opportunities Fund

The funds listed below are sub-funds of the Melchior Selected Trust, a Luxembourg SICAV authorized by the CSSF in Luxembourg. Minimum investment \$10,000.

Melchior Selected Trust: **Resources** Fund  
Melchior Selected Trust: **Japan Advantage** Fund  
Melchior Selected Trust: **UK** Opportunities Fund  
Melchior Selected Trust: **North American** Opportunities Fund

Melchior **Japan** Opportunities Fund LP, a Delaware Limited Partnership suitable for US investors.

**Absolute Return Funds**

The funds listed below are sub-funds of the Melchior Selected Trust, a Luxembourg SICAV authorized by the CSSF in Luxembourg.  
Minimum investment \$10,000.

Melchior Selected Trust: **European Absolute Return** Fund  
  
Melchior Selected Trust: **Global Active** Fund  
Melchior Selected Trust: **Global Balanced** Fund  
Melchior Selected Trust: **Global Conservative** Fund  
Melchior Selected Trust: **Asian Global Active** Fund  
Melchior Selected Trust: **Asian Global Balanced** Fund

**Hedge Funds**

Melchior European Fund  
Melchior Global Macro Fund

Minimum investment \$1million.

Disclaimer

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