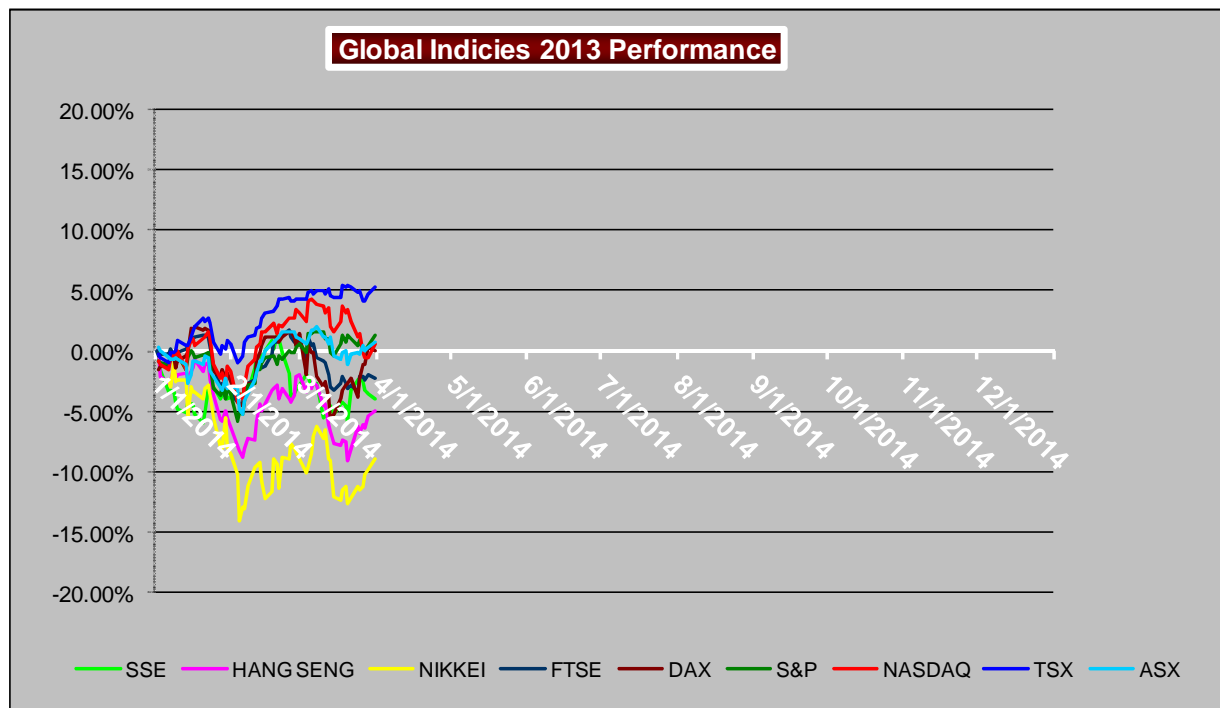


GDB April 2014 Newsletter

Monthly Market Summary:

2014 March Market Activity		
SSE COMPOSITE	2,033.31	-22.99 (-1.12%)
HANG SENG	22,151.06	-685.90 (-3.00%)
NIKKEI 225	14,827.83	-13.24 (-0.09%)
FTSE 100	6,598.40	-211.30 (-3.10%)
DAX	9,555.91	-136.17 (-1.40%)
DOW	16,457.66	+135.95 (+0.83%)
S&P 500	1,872.34	+12.89 (+0.69%)
NASDAQ COMPOSITE	4,198.99	-109.13 (-2.53%)
ASX 200	5,394.80	-10.00 (-0.19%)
TSX COMPOSITE	14,335.30	+125.70 (+0.88%)



Investment Themes:

On April 1, Japan increased its national sales tax from 5% to 8%. This is an essential revenue boost for the government to curb the nation's massive public debt. So far, policy makers and analysts have been rather optimistic on consumer's ability to absorb the sales tax increase. Many are anticipating a short-lived contraction before consumption recovers in the third quarter and over the long run.

A 2011 study done by International Monetary Fund titled "*Raising the Consumption Tax in Japan: Why, When, How?*" has provided much ground work and recommendations about the adoption and expected effects of Japan's consumption tax increase. The following are some highlights from the study:

- Raising the consumption tax is well suited to meet Japan's fiscal challenge – that of its ballooning public debt to sustain rising social security spending as its population ages and tax revenue (relative to GDP) declines
- Consumption tax is more broad based and robust than income tax in a country with aging population. Japan also has one of the lowest VAT rates in the world
- A strategy of raising consumption taxes should be guided by four principles: 1) Start sooner than later, 2) Stepwise, modest rate increases in stages, 3) Sustained, 4) Simple single rate structure preferred over rate differentiation
- VAT would dampen growth initially but could be offset over time by improved confidence in the fiscal outlook. A scheduled phased VAT increase is even suggested to bring forward consumption to stimulate growth
- Announcing a clear timetable for staged consumption tax increases could temporarily lift inflation expectations

Will the tax increase prove to be effective or will it drag Japan's economy back into a deceleration phase as consumers tighten their wallets?

In the last round of consumption tax increase in 1997, private consumption dipped initially in Q2 but then rebounded in Q3, only one quarter after the tax increase. The latest business outlook from Japan's corporations confirms this with the Tankan survey showing a dip in expectation for the June quarter.

We think by scrutinizing the short-term outcome from the tax increase will cause us to miss the bigger picture. Consumption patterns, inflation, and the effectiveness of consumption tax increase are uncertain and up for debate; rather we can choose to focus on the long term picture. The increase in consumption tax is a form of wealth transfer from the Japanese tax payers/consumers to the social security system. The ultimate recipients of this wealth redistribution are the participants in the healthcare sector that will be serving Japan's aging population.

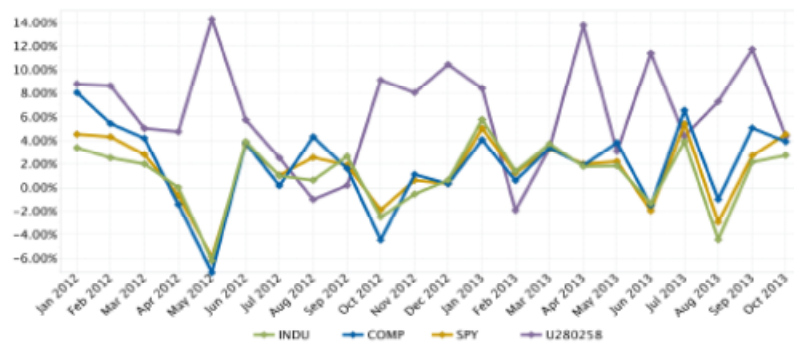
From a long-term perspective, the coming quarters' consumer spending and GDP figures will just be noises. Whether Abenomics will prove to be successful, we are also unable to assign a certainty. But what we know for certain is that irrespective of the future performance of the Japanese economy, much of the government spending in the coming decades will be channeled into servicing the countries elderly. The newly enacted consumption tax is a measure to redirect funding into this sector.

Investment Opportunities:

1. GDB Monthly Income Fund

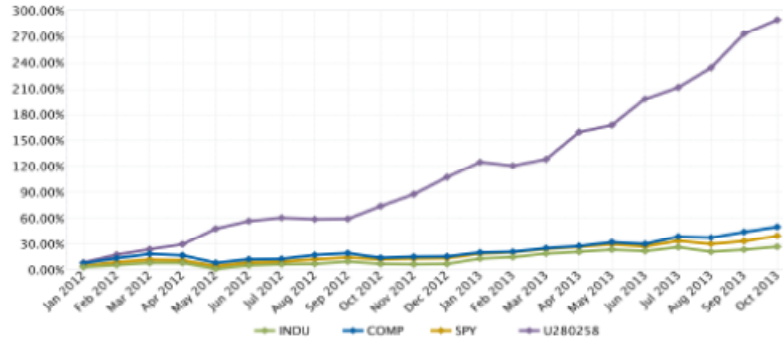
Fund managed by GDB Capital. Event-driven investments using hedging strategies and combinations of long/short positions in equities, futures, and commodities and their derivatives. Fund targets gross pre-tax IRR of 20% per annum, and returned 108% in 2012 and 194% in 2013. Minimum investment USD 100,000. GDB will insure against investment losses up to 5% of original investment. Following are the benchmark comparisons of GDB Fund performance against the major US Indices.

Time Period Benchmark Comparison



Date	INDU	COMP	SPY	U280258
Jan 2012	3.40%	8.01%	4.55%	8.77%
Feb 2012	2.53%	5.44%	4.31%	8.60%
Mar 2012	2.01%	4.20%	2.81%	5.03%
Apr 2012	0.01%	-1.46%	-0.68%	4.74%
May 2012	-6.21%	-7.19%	-5.92%	14.32%
Jun 2012	3.93%	3.81%	3.64%	5.73%
Jul 2012	1.00%	0.15%	1.06%	2.53%
Aug 2012	0.63%	4.34%	2.56%	-1.03%
Sep 2012	2.65%	1.61%	1.90%	0.18%
Oct 2012	-2.54%	-4.46%	-1.91%	9.12%
Nov 2012	-0.54%	1.11%	0.62%	8.03%
Dec 2012	0.60%	0.31%	0.32%	10.43%
Jan 2013	5.77%	4.06%	5.04%	8.38%
Feb 2013	1.40%	0.57%	1.22%	-1.94%
Date	INDU	COMP	SPY	U280258
Mar 2013	3.73%	3.40%	3.31%	3.37%
Apr 2013	1.79%	1.88%	2.00%	13.77%
May 2013	1.86%	3.82%	2.23%	3.09%
Jun 2013	-1.36%	-1.52%	-1.98%	11.38%
Jul 2013	3.96%	6.56%	5.41%	4.39%
Aug 2013	-4.45%	-1.01%	-2.97%	7.27%
Sep 2013	2.16%	5.06%	2.72%	11.74%
Oct 2013	2.75%	3.93%	4.54%	4.35%
Date	INDU	COMP	SPX	U4280258
Nov 2013	3.48%	3.58%	2.80%	6.49%
Dec 2013	3.05%	2.87%	2.36%	5.44%

Cumulative Benchmark Comparison



Date	INDU	COMP	SPY	U280258
Jan 2012	3.40%	8.01%	4.55%	8.77%
Feb 2012	6.01%	13.89%	9.06%	18.13%
Mar 2012	8.14%	18.67%	12.13%	24.07%
Apr 2012	8.15%	16.94%	11.37%	29.95%
May 2012	1.44%	8.53%	4.77%	48.56%
Jun 2012	5.42%	12.66%	8.58%	57.06%
Jul 2012	6.48%	12.83%	9.73%	61.03%
Aug 2012	7.15%	17.73%	12.54%	59.38%
Sep 2012	9.98%	19.62%	14.69%	59.66%
Oct 2012	7.19%	14.28%	12.49%	74.22%
Nov 2012	6.61%	15.55%	13.20%	88.22%
Dec 2012	7.26%	15.91%	13.56%	107.84%
Jan 2013	13.45%	20.61%	19.28%	125.27%
Feb 2013	15.04%	21.31%	20.74%	120.90%
Mar 2013	19.32%	25.43%	24.74%	128.34%
Apr 2013	21.46%	27.78%	27.24%	159.78%
May 2013	23.72%	32.66%	30.07%	167.80%
Jun 2013	22.03%	30.64%	27.50%	198.28%
Jul 2013	26.86%	39.20%	34.39%	211.37%
Aug 2013	21.22%	37.80%	30.40%	234.01%
Sep 2013	23.84%	44.77%	33.94%	273.20%
Oct 2013	27.24%	50.46%	40.02%	289.44%
Jan 2012 to Oct 2013	27.24%	50.46%	40.02%	289.44%
Nov 2013	3.48%	3.58%	2.80%	6.49%
Dec 2013	6.63%	6.55%	5.23%	12.28%
Nov 2013 to Dec 2013	6.63%	6.55%	5.23%	12.28%

Total 301.72%