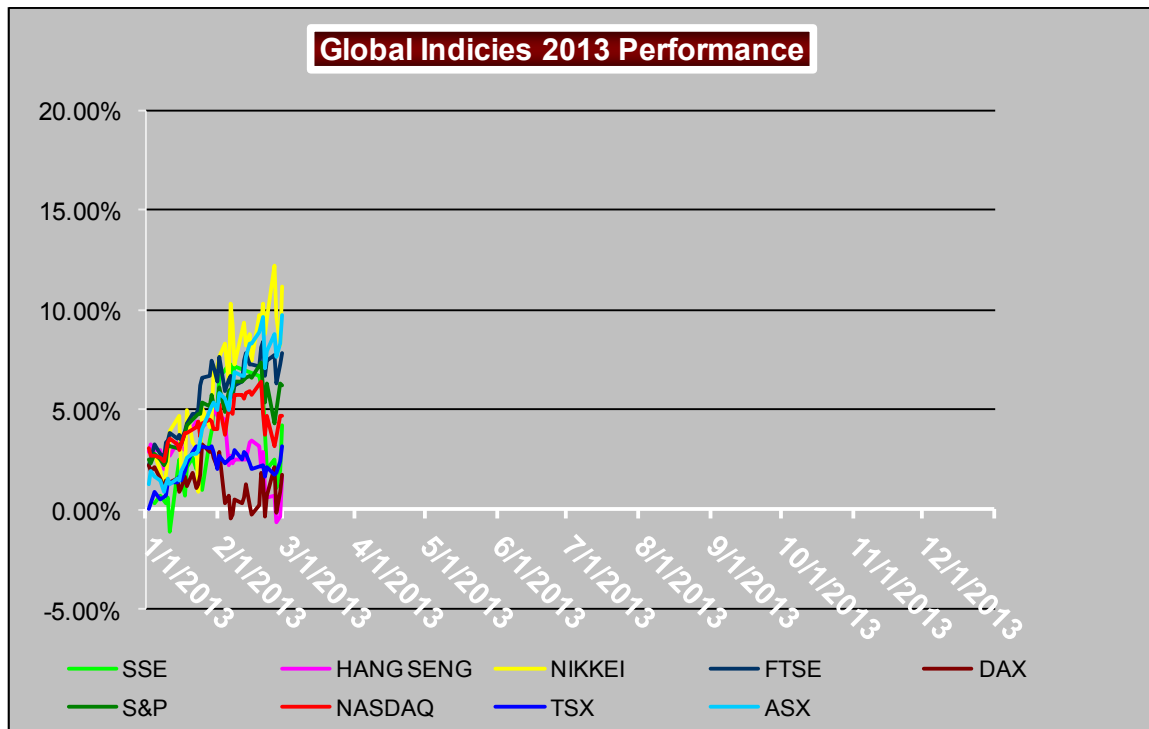


GDB March 2013 Newsletter

Monthly Market Summary:

2013 February Market Activity		
SSE COMPOSITE	2,365.59	-19.83 (-0.83%)
HANG SENG	23,020.27	-709.26 (-2.99%)
NIKKEI 225	11,559.36	+420.70 (+3.78%)
FTSE 100	6,360.80	+83.90 (+1.34%)
DAX	7,741.70	-34.35 (-0.44%)
DOW	14,054.49	+193.91 (+1.40%)
S&P 500	1,514.68	+16.57 (+1.11%)
NASDAQ COMPOSITE	3,160.19	+18.06 (+0.57%)
ASX 200	5,104.10	+225.30 (+4.62%)
TSX COMPOSITE	12,821.83	+136.63 (+1.08%)
TSX VENTURE	1,133.36	-88.35 (-7.23%)



Investment Themes:

The US sequester cuts that many had feared began on March 1. It did not bring an immediate catastrophic shock to the global financial markets. On the contrary, with this tail-end risk removed for the time being, the global equity markets rallied, especially in the US. The Dow Jones Industrial Average is at record highs and is continuing its upward ascent on the positive economic news from the US. There are many skeptics questioning the validity of the Dow's peak in the current environment. We are in the same camp. To drill down into what is driving this rally, global money flows is a good place to start, in particular in the major world currencies. Let's take a look at how the major currencies have performed as of late:



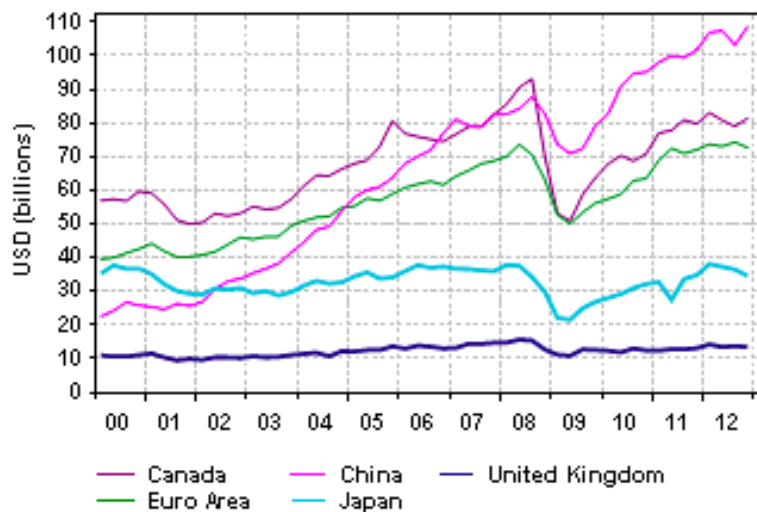


The major currencies especially the European currencies have been weakening against the USD since beginning of February. As a result of this money flow into USD and the negative interest rates offered by US treasuries, some of the money flows naturally find their way into liquid large-cap US equities. As a result, the Dow is pushed to its all-time highs.

Although we are not comfortable with how quickly US equities have been rising, we believe the direction of the money flow from Europe and Japan into USD will continue for quite some while. Two major factors that form the thesis of our belief are: exports and monetary intervention.

EU, UK and Japan are continuing to experience decline in exports to the US. Less demand for their goods equals lower currencies.

Figure 2. Japan, UK exports to US stagnate



Source: CitiFX, Reuters Ecowin

In terms of monetary policies, Japan and the EU are expected to resort to further monetary easing to boost economic activities in their regions while the improvements in the US economy are reducing the odds of further monetary easing by the Fed. The expectation of further easing by BOJ, BOE, and ECB will cast downward pressure on Yen, GBP and EUR.

We have already recommended shorting the Yen in our previous Newsletters, now the macro trends look more and more favorable on shorting the EUR and GBP as well.

Investment Opportunities:

1. Sino-GDB 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 107% in 2012. Minimum investment US\$100,000. GDB will insure against investment losses up to 5% of investor's original investment.