



Q3 2010  
Investor Presentation  
Strictly Confidential and Not For Distribution



# Disclaimers

THE FOREGOING REFLECTS NAVIGATOR CAPITAL, LLC'S ("NAVIGATOR") PARTICULAR VIEWS, BELIEFS AND ASSESSMENTS BASED ON NAVIGATOR'S RESEARCH, OBSERVATIONS, AND ANALYSES, SUBJECT TO THE ATTACHED DISCLOSURES AND RISK CONSIDERATIONS AND THOSE SET FORTH IN THE FUND DOCUMENTS. THESE MATERIALS ARE PROVIDED FOR GENERAL INFORMATION PURPOSES ONLY BY NAVIGATOR IN CONNECTION WITH A CONFIDENTIAL PRIVATE PRESENTATION DESCRIBING A FUND WITH A GLOBAL EQUITY STRATEGY (THE "FUND"). THESE MATERIALS ARE NOT INTENDED TO BE RISK DISCLOSURE DOCUMENTS, AND ARE SUBJECT IN THEIR ENTIRETY TO DEFINITIVE DISCLOSURE AND OTHER DOCUMENTS (COLLECTIVELY, THE "DOCUMENTS") RESPECTING THE FUND.

THESE MATERIALS DO NOT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY OR SELL ANY SECURITIES, AND ARE QUALIFIED IN THEIR ENTIRETY BY THE INFORMATION CONTAINED IN THE FINAL DOCUMENTS. PROSPECTIVE INVESTORS ARE ADVISED TO ASK QUESTIONS OF AND RECEIVE ANSWERS FROM NAVIGATOR CONCERNING THE FUND AND TO OBTAIN ANY ADDITIONAL INFORMATION THEY CONSIDER NECESSARY FOR THEIR DECISION TO INVEST WITH NAVIGATOR THROUGH THE FUND.

WHILE INFORMATION USED IN THESE MATERIALS MAY HAVE BEEN OBTAINED FROM VARIOUS PUBLISHED AND UNPUBLISHED SOURCES CONSIDERED TO BE RELIABLE, NEITHER NAVIGATOR NOR ANY OF ITS AFFILIATES GUARANTEES ITS ACCURACY OR COMPLETENESS AND ACCEPTS NO LIABILITY FOR ANY DIRECT OR CONSEQUENTIAL LOSSES ARISING FROM ITS USE. THIS INFORMATION IS CONFIDENTIAL AND INTENDED SOLELY FOR THE USE OF PASSPORT AND ITS AFFILIATES AND THE CLIENT OR PROSPECTIVE CLIENT TO WHOM IT IS PRESENTED. IT IS NOT TO BE REPRODUCED OR DISTRIBUTED TO ANY OTHER PERSONS EXCEPT TO THE RECIPIENT'S PROFESSIONAL ADVISORS. IN MAKING THEIR DECISION TO INVEST IN THE FUND, PROSPECTIVE INVESTORS SHOULD RELY SOLELY UPON THEIR OWN INDEPENDENT INVESTIGATION, INCLUDING A REVIEW OF THE DOCUMENTS.

NEITHER NAVIGATOR NOR ANY OF ITS AFFILIATES, EMPLOYEES, OR AGENTS ARE AUTHORIZED TO MAKE ANY REPRESENTATIONS OR WARRANTIES INCONSISTENT WITH OR IN ADDITION TO THOSE CONTAINED IN THE DOCUMENTS. STATEMENTS MADE HERE WITH RESPECT TO THE FUND ARE NOT NECESSARILY COMPLETE, AND ALL INFORMATION CONTAINED IN THIS PRESENTATION IS SUBJECT TO UPDATING, CHANGE, COMPLETION, REVISION, AMENDMENT AND FINAL VERIFICATION. THE INVESTMENT OPPORTUNITIES DESCRIBED HEREIN HAVE GENERALLY NOT BEEN REGISTERED FOR SALE TO THE PUBLIC IN ANY JURISDICTION AND WILL NOT BE MADE AVAILABLE FOR INVESTMENT EXCEPT UNDER CIRCUMSTANCES THAT WILL RESULT IN COMPLIANCE WITH ANY APPLICABLE LAWS AND REGULATIONS. THE INVESTMENT OPPORTUNITIES DESCRIBED HEREIN ARE NOT GUARANTEED BY PASSPORT OR ITS AFFILIATES.

THE FUND MAY NOT ACHIEVE THE DESIRED RESULTS DUE TO IMPLEMENTATION LAG, OTHER TIMING FACTORS, PORTFOLIO MANAGEMENT DECISION-MAKING, ECONOMIC OR MARKET CONDITIONS OR OTHER UNANTICIPATED FACTORS. THE VIEWS AND OPINIONS EXPRESSED IN THESE PRESENTATION MATERIALS ARE SUBJECT TO CHANGE WITHOUT NOTICE, MAY NOT COME TO PASS AND DO NOT REPRESENT A RECOMMENDATION OR OFFER OF ANY PARTICULAR SECURITY, STRATEGY, OR INVESTMENT.

THE S&P 500 INDEX ("S&P") IS AN UNMANAGED CAPITALIZATION-WEIGHTED INDEX OF 500 STOCKS. THIS S&P IS DESIGNED TO MEASURE PERFORMANCE OF THE BROAD DOMESTIC (US) ECONOMY THROUGH CHANGES IN THE AGGREGATE MARKET VALUE OF 500 STOCKS REPRESENTING ALL MAJOR INDUSTRIES. THE S&P WAS DEVELOPED WITH A BASE LEVEL OF 10 FOR THE 1941-43 BASE PERIOD. ALL PERFORMANCE DATA REGARDING THE S&P ARE HISTORICAL AND ARE NOT INDICATIVE OF FUTURE RESULTS, AND THERE CAN BE NO ASSURANCE THAT THESE OR COMPARABLE RESULTS WILL ACTUALLY BE ACHIEVED BY THE FUND OR THAT THE FUND'S INVESTMENT OBJECTIVE WILL BE ACHIEVED.

THE MSCI WORLD INDEX IS A FREE FLOAT-ADJUSTED MARKET CAPITALIZATION WEIGHTED INDEX THAT IS DESIGNED TO MEASURE THE EQUITY MARKET PERFORMANCE OF DEVELOPED MARKETS.

THE COMPARISON OF THE FUND'S PERFORMANCE TO A SINGLE MARKET INDEX, INCLUDING THE COMPARISONS ON PAGE 7, IS IMPERFECT BECAUSE THE FUND'S PORTFOLIO MAY CONTAIN OPTIONS AND OTHER DERIVATIVE SECURITIES, MAY INCLUDE MARGIN TRADING AND OTHER LEVERAGE, MAY EXPERIENCE GREATER VOLATILITY AND IS NOT AS DIVERSIFIED AS THE RUSSELL 2000 MATERIALS AND PROCESSING INDEX OR OTHER INDICES. DUE TO THE DIFFERENCES BETWEEN THE FUND'S PORTFOLIO AND ITS INVESTMENT STRATEGY, POTENTIAL INVESTORS SHOULD UNDERSTAND THAT NO SUCH INDICES ARE DIRECTLY COMPARABLE TO THE RESULTS OF THE FUND. THE INVESTMENT ENVIRONMENT AND MARKET CONDITIONS MAY BE MARKEDLY DIFFERENT IN THE FUTURE AND INVESTMENT RESULTS WILL FLUCTUATE. THE RETURNS OF THE FUNDS COULD BE MATERIALLY DIFFERENT FROM THE RETURNS CONTAINED IN THIS PRESENTATION. THE GENERAL PARTNER MAY CHOOSE TO VARY THE PARTNERSHIP'S ACTIVITIES AND MAY NOT NECESSARILY CONTINUE INVESTING IN THE MANNER THAT GENERATED THE RESULTS CONTAINED IN THIS PRESENTATION.

ANY SPECIFIC PORTFOLIO SECURITIES IDENTIFIED AND DESCRIBED IN THESE MATERIALS DO NOT REPRESENT ALL OF THE SECURITIES PURCHASED OR SOLD BY THE FUND, AND THERE SHOULD BE NO ASSUMPTION THAT INVESTMENTS IN SUCH SECURITIES IDENTIFIED AND DISCUSSED IN THESE MATERIALS WERE OR WILL BE PROFITABLE.



# Executive Summary

## *Strategy*

- Global long/short equity fund with a focus on investing in the equity of companies in the consumer discretionary, consumer staples and financial services sectors across all market capitalizations

## *Objective*

- Target superior, risk-adjusted returns
- Diligent concentration on downside protection and alpha generation
- Maintain a transparent, liquid, easy-to-value portfolio and use leverage responsibly

## *Proven Portfolio Management*

- Led by Managing Partner, Edward Bozaan, formerly a Portfolio Manager at Passport Capital LLC, a \$3bn San Francisco based, global investment management firm
- Has over 20 years of dedicated buy side experience, investing in companies and markets across 40 countries and all continents in both bull and bear markets
- Held investment management and research positions at best-in-class firms focused on hedge fund portfolio management and investment banking

## *Investment Approach*

- Employ an intense focus on bottom-up, fundamentally driven analysis and in-depth due diligence
- Seek to capitalize on a combination of opportunities which arise when countries or industries undergo a period of unfavorable fundamentals and depressed stock market prices
- Identify and take advantage of companies that we perceive to have long-term expansion potential and a meaningful margin of safety
- Short positions for hedging and alpha generation – focus on companies with deteriorating fundamentals which are under appreciated

## *Capital Commitment & Alignment of Interests*

- The Managing Partner will invest a substantial majority of his liquid net worth in the Fund
- Principals of Passport Capital have committed to invest in the Fund at launch



# Edward Bozaan, Portfolio Manager



*Mr. Bozaan has over 20 years dedicated industry experience with direct portfolio management responsibility.*

**2004-2010**

**Passport Capital LLC (\$3bn long/short global macro hedge fund)**

- Portfolio Manager of Global Consumer Sector (Consumer Discretionary/Staples)

**1996-2004**

**Waterford Partners (emerging markets fund focused on depressed stock markets and countries in crisis)**

- Founding Partner

**1994-1996**

**Caspian Asset Management (emerging markets investment management firm)**

- Founding Partner and Portfolio Manager

**1993-1994**

**Normandy Asset Management (global emerging markets fund)**

- Portfolio Manager focused on Emerging Markets

**1990-1993**

**Unifund (\$2 billion Geneva-based family office)**

- Analyst focused on Emerging Markets
- Managed the office's Latin American investments in Brazil and Mexico

**1987-1990**

**Morgan Stanley & Co.**

- Associate

**1987**

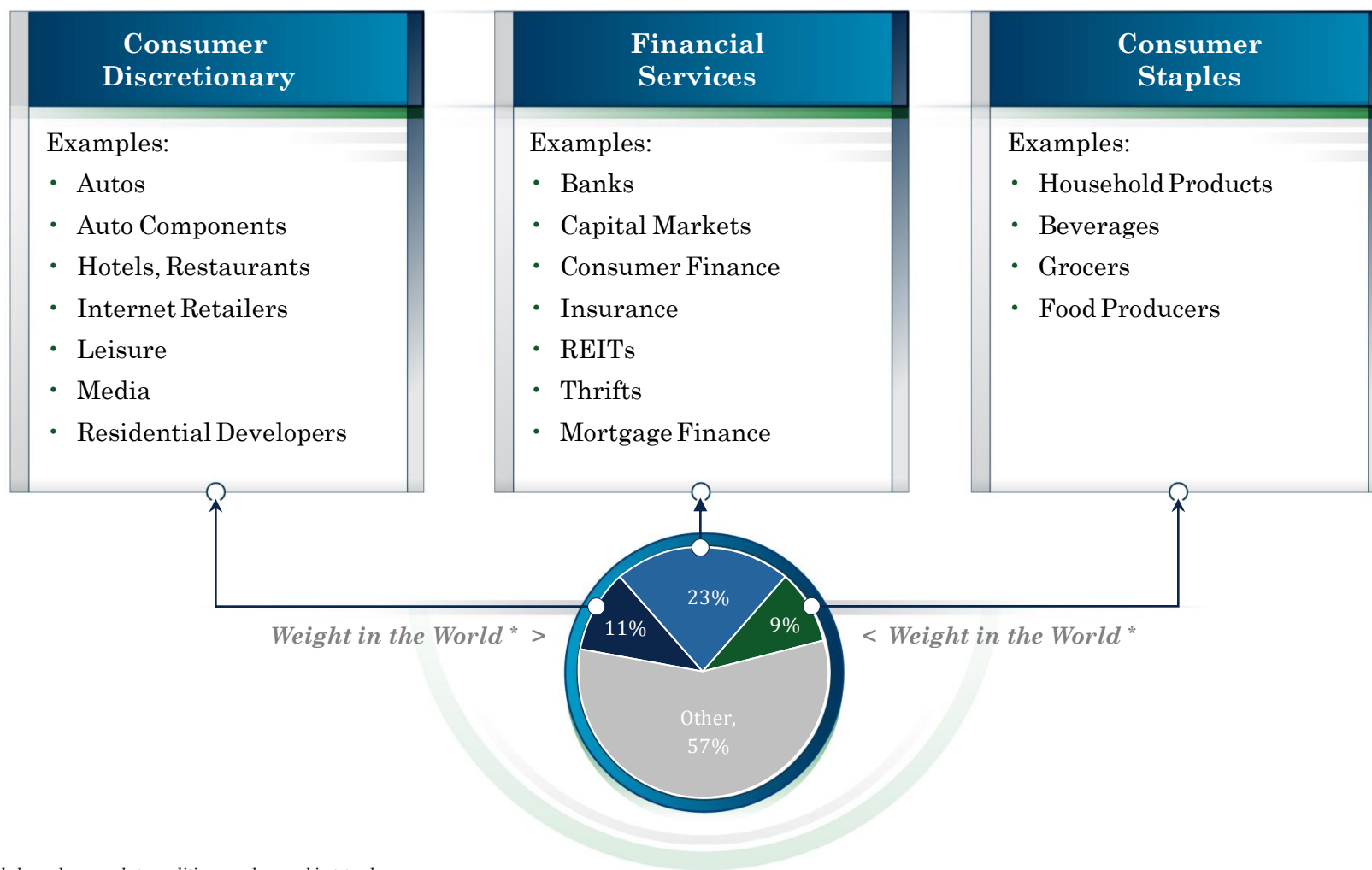
**University of Chicago - MBA Dual Concentrations in Finance and Public Policy**

**1980**

**Anderson University - BA**

# Investment Universe and Targeted Allocation

*Utilize short positions to not only hedge long positions, but to generate alpha by focusing on companies with deteriorating fundamentals which are under-appreciated.*



*\*Weights will depend on market conditions and are subject to change.*

# Investment Approach: Longs

*The Fund will allocate capital to asymmetric risk/reward opportunities where the value driver is related to the consumer discretionary, consumer staples and financial services sectors and when our due diligence results in a non-consensus view.*





# Investment Approach: Shorts

*The short portfolio exists independently of the long portfolio, and is considered an independent profit opportunity.*

## Underappreciated Deteriorating Fundamentals

- Slowing/declining revenue growth
- Declining profit margins
- Decreasing market share
- Increasing input costs
- Worsening regulatory environment
- Rising competition

## Change in Fundamentals

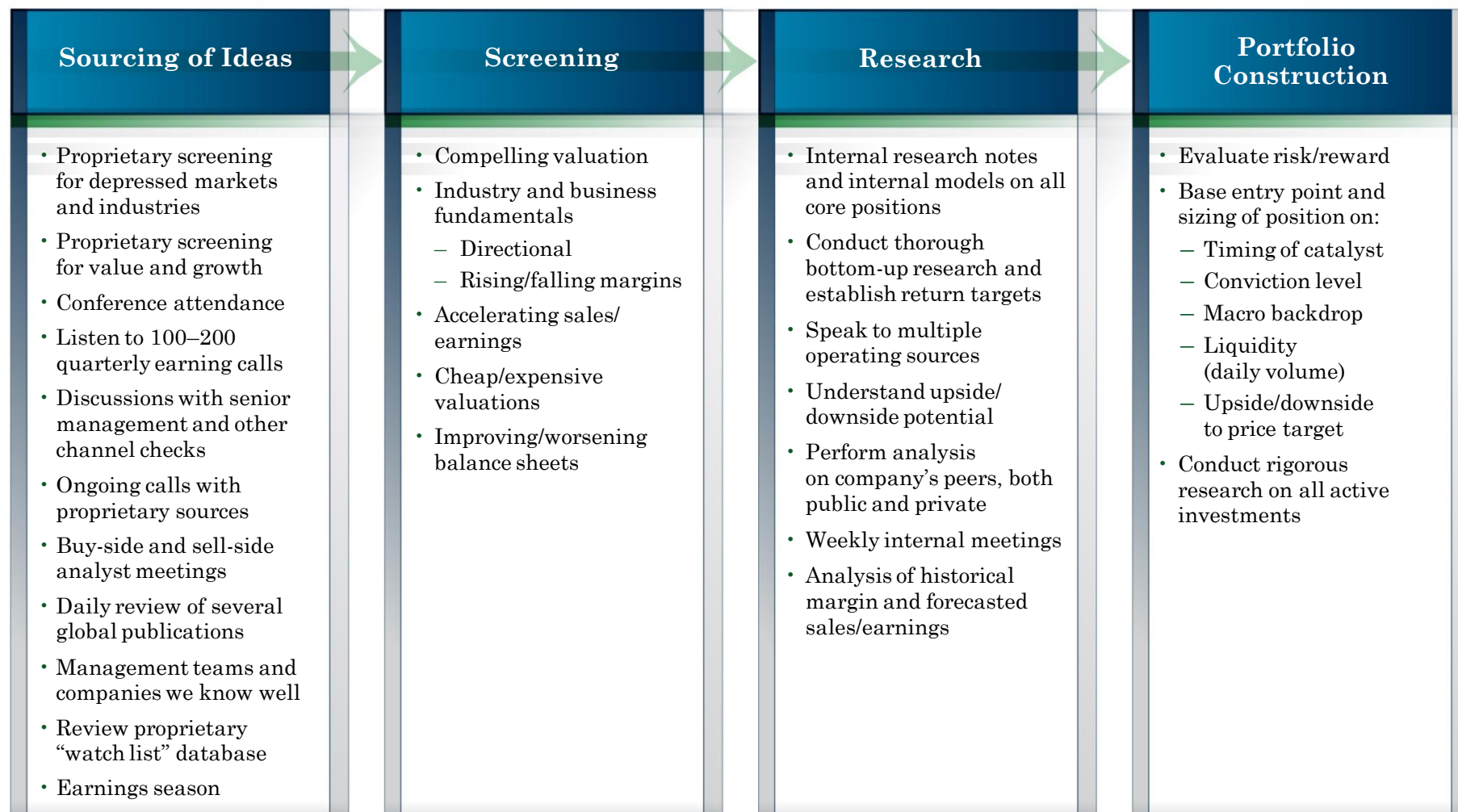
- Often drives direction of stock price
- Investors often focus on absolute conditions rather than whether conditions are improving or deteriorating

## Avoid Shorting Stocks Based on Valuations Alone

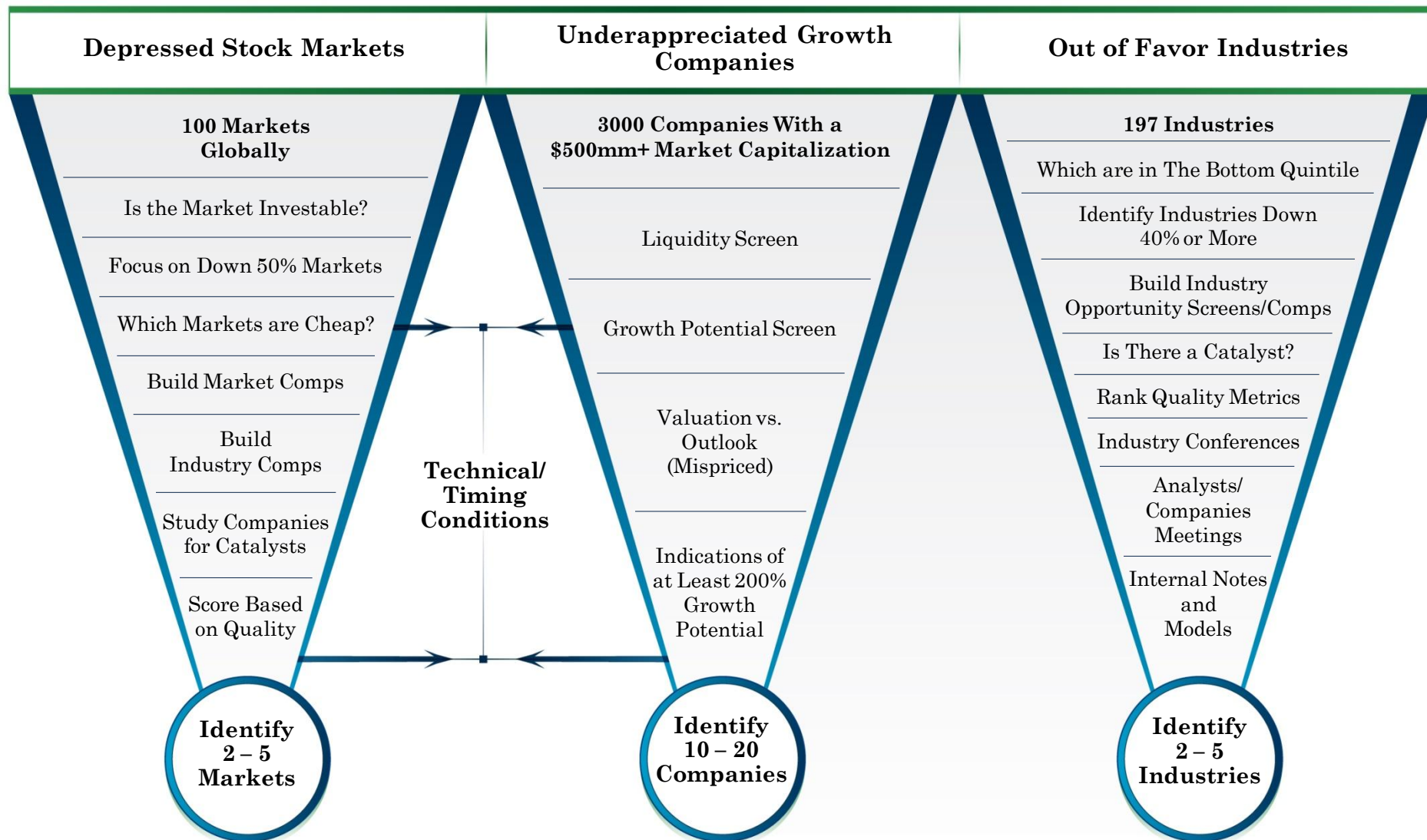
- Common investor mistake to focus on valuations alone
- Far better to focus on change of companies' fundamentals

# Investment Process

*Navigator will utilize the same time-tested process which has been honed over 20 years of investment management.*









# Portfolio Construction

*The following are guidelines for portfolio construction. The portfolio may exceed or be below such guidelines at any time.*

***Gross Exposure***

70% to 150%

***Net Exposure***

20% to 70% normally. Full range: 50% net short to 100% net long, depending on conditions

***Number of Positions***

Generally 20-40 longs; 30-50 shorts

***Typical Position Size***

Generally 3-5% at cost for core positions

***Holding Period***

Longs: 12-36 months; Shorts: 6-24 months

***Market Cap Sizes***

Generally above \$500mm

***Industry Maximum***

Generally 20%

***Country Maximum***

Generally 25%

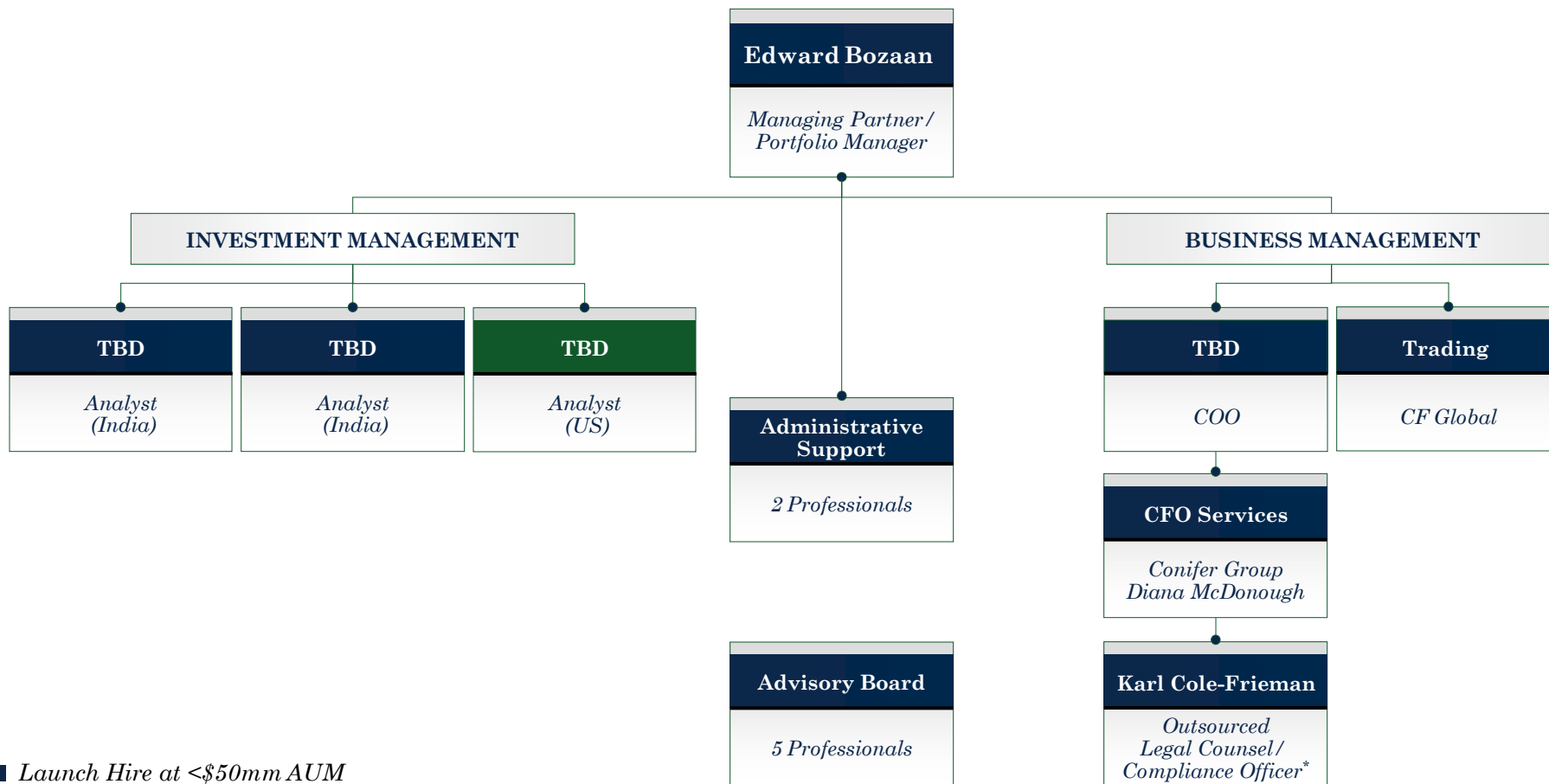
*The targets set forth above are subject to change. Navigator may at any time adjust, decrease or eliminate any of those thresholds or targets, depending upon, among other things, condition in the securities market, general economic conditions, and changes in Navigator's investment philosophy or strategy.*

*Navigator will utilize risk management methodologies that have performed well through volatile and dislocated markets.*

- At least 75% of positions at 10 days trading (when using 25% of volume) maximum
- No private equity investments in fund
- May run high cash levels during periods of very high investor sentiment
- Avoid permanent loss of capital candidates
- Avoid becoming emotionally attached to positions
- Real-time monitoring of sector and portfolio exposures and position sizes
- Daily monitoring of liquidity, volatility and stress tests
- Understand the counter-thesis to every position
- Expertise and experience to mitigate losses should the thesis prove to be wrong

*The targets set forth above are subject to change. Navigator may at any time adjust, decrease or eliminate any of those thresholds or targets, depending upon, among other things, condition in the securities market, general economic conditions, and changes in Navigator's investment philosophy or strategy.*

# Organizational Structure and Build Out



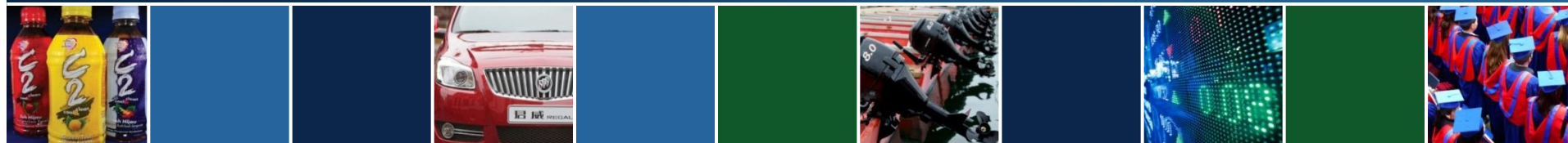
■ Launch Hire at <\$50mm AUM

■ Hire at >\$50mm AUM

\*Serves in a part-time capacity.

# Summary of Terms and Service Providers

<i><b>Fund Terms</b></i>	<i><b>Standard</b></i>	<i><b>Committed</b></i>
<i>Vehicles</i>	Cayman/Delaware LP	Cayman/Delaware LP
<i>Management Fees</i>	2.0% payable quarterly	1.5% payable quarterly
<i>Incentive Fee</i>	20%	15%
<i>Lockup</i>	None	3 Year
<i>Minimum Investment</i>	\$1mm (USD)	\$1mm (USD)
<i>Redemptions</i>	Quarterly with 30 days notice	Quarterly with 45 days notice 4% penalty year 1; 3% penalty year 2; 2% penalty year 3
<i>High Water Mark</i>	Yes	
<i>Subscriptions</i>	Monthly	
<i><b>Service Providers</b></i>		
<i>Prime Broker</i>	TBD	
<i>Legal Counsel</i>	Seward and Kissel	
<i>Auditor</i>	Rothstein Kass	
<i>Administrator</i>	Conifer Fund Services, LLC	



# APPENDIX

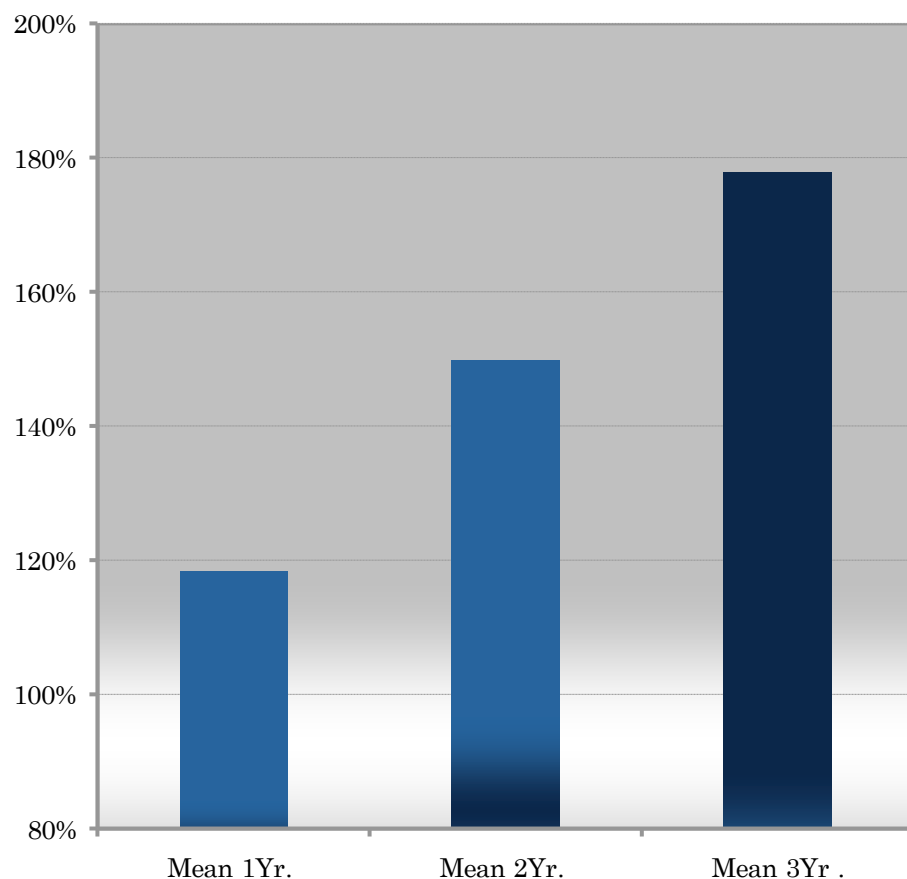




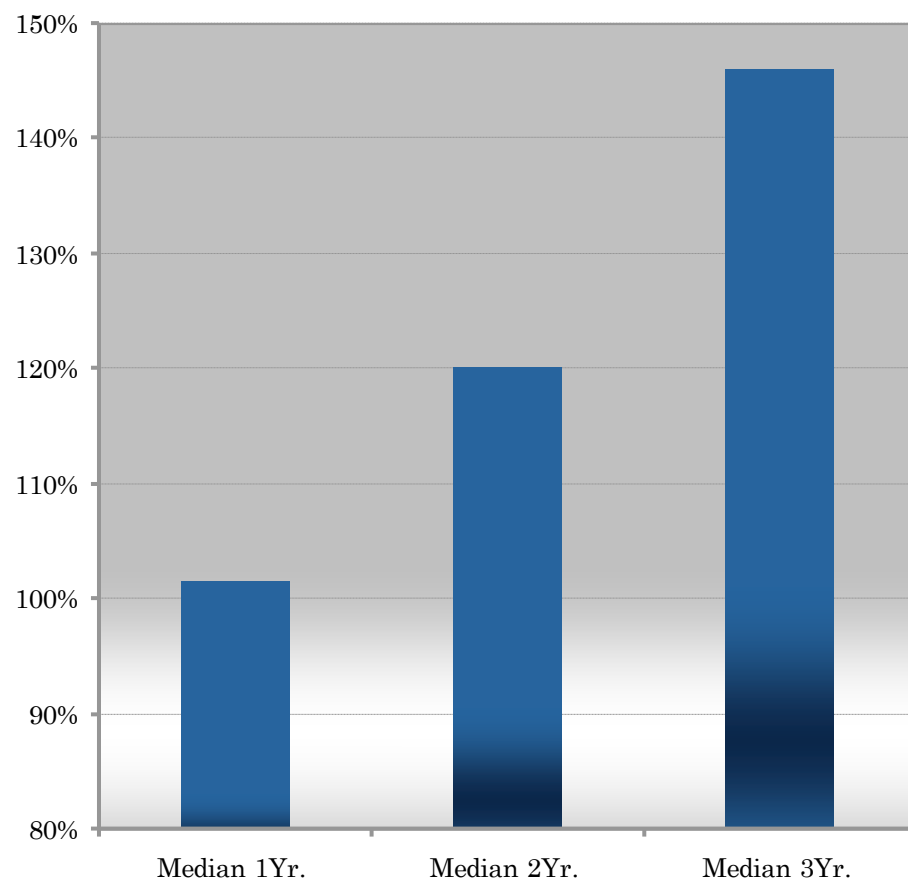
# Summary of Stock Market Declines – 1975 -2009

*Markets declines averaged 66% from 1975-2009. But after making the bottom, they rose handsomely over next 3 years.*

**Mean Returns After The Bottom – 1975-2009**



**Median Returns After The Bottom – 1975-2009**



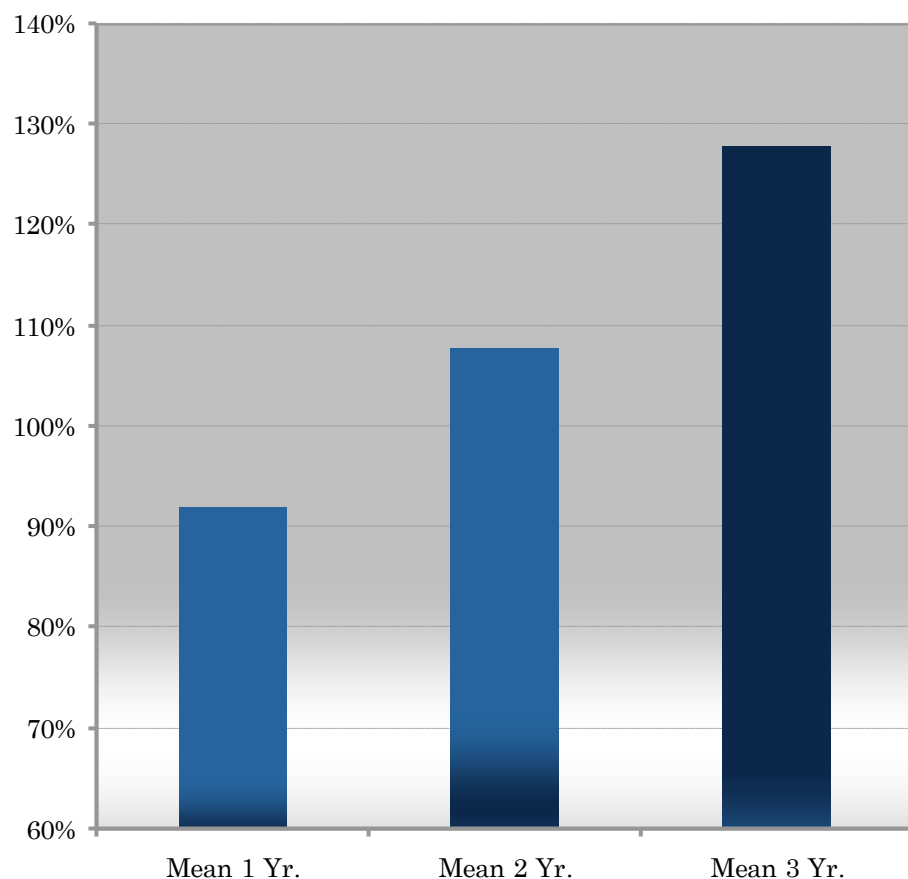
*The above investment discussion is for illustrative purposes only as to a Manager's investment analysis in a prior situation. The investment return and other characteristics should not be regarded as necessarily typical nor as any assurance that the Fund will make comparable investments. Past performance is no guarantee of future results.*



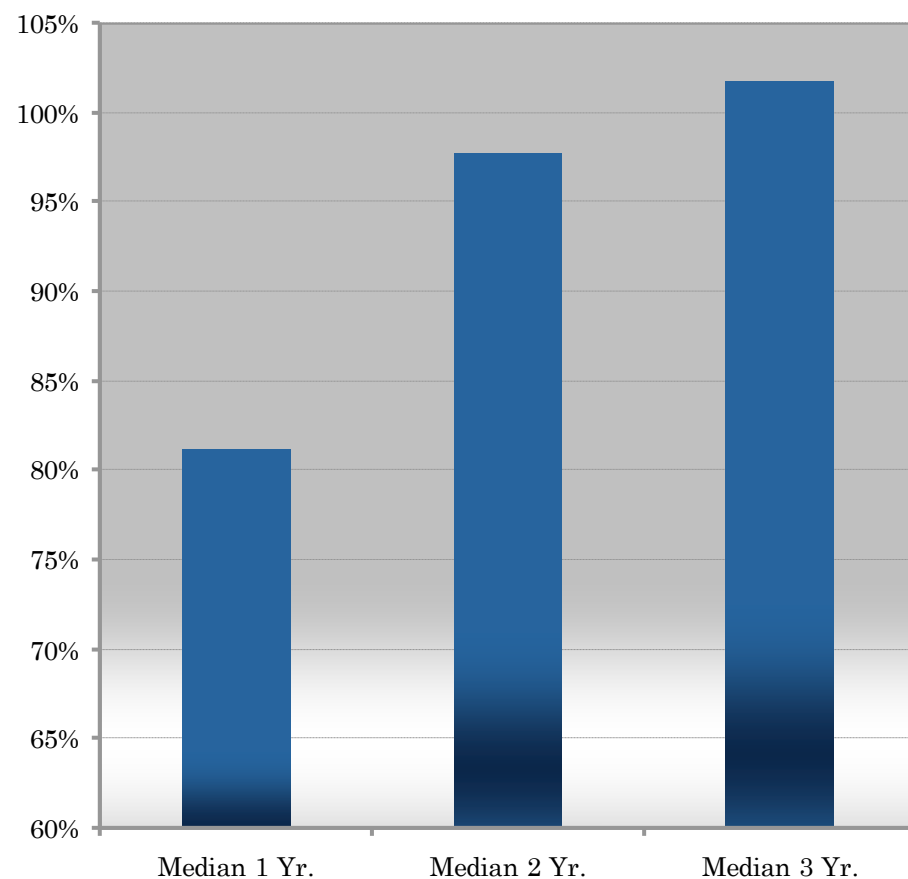
# Summary of Industry Declines – 1975-2009

*Industry declines also averaged 66% from 1975-2009. But after making the bottom, they rose handsomely over next 3 years.*

**Mean Returns After The Bottom – 1975-2009**



**Median Returns After The Bottom – 1975-2009**

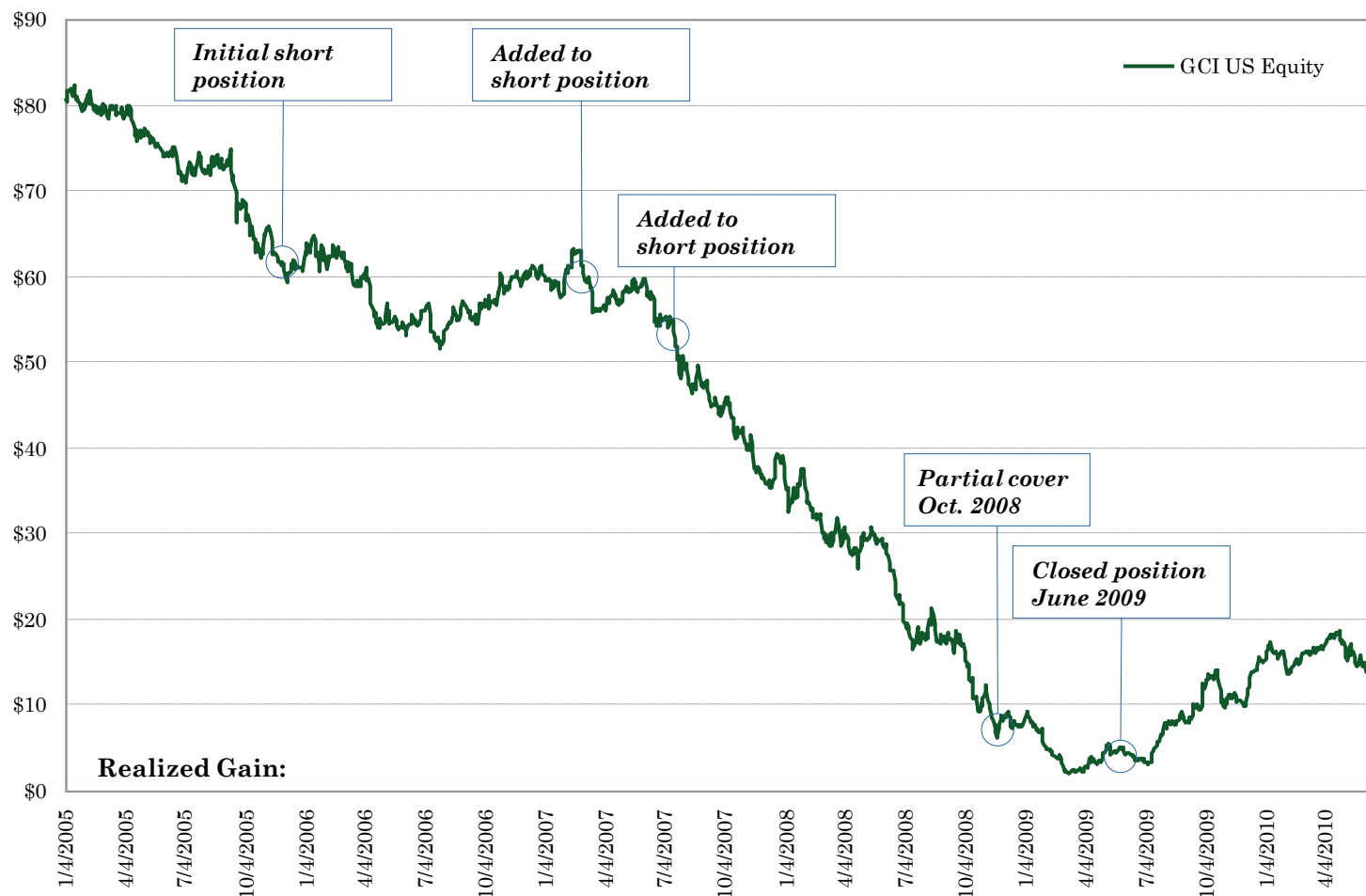


*The above investment discussion is for illustrative purposes only as to a Manager's investment analysis in a prior situation. The investment return and other characteristics should not be regarded as necessarily typical nor as any assurance that the Fund will make comparable investments. Past performance is no guarantee of future results.*

# Case Study 1: Gannett Company, Inc.

- Initiated short in the Fall of 2006
- Large owner of newspaper in US/UK
  - 83 newspapers
  - USA Today
- Industry suffering
- Declining circulation
- Weak ad sales
- Losing readers to internet news
- Losing ad budgets to internet
- Company has high debt
- Stock declined sharply during credit crisis

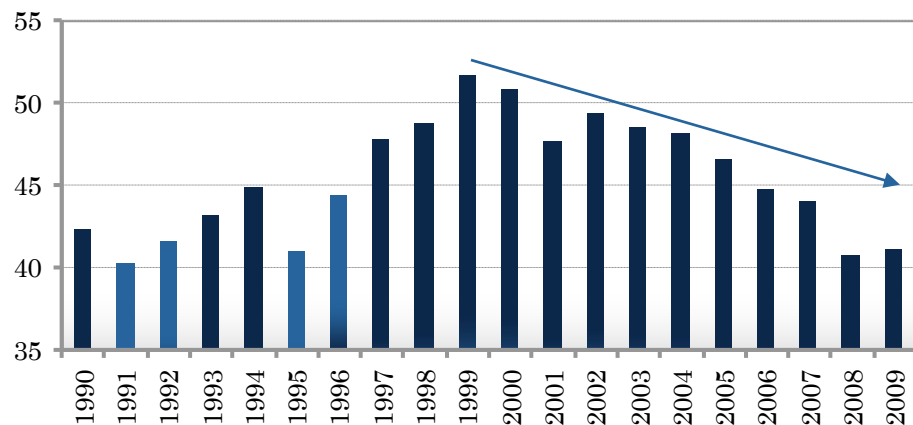
## Gannett Company, Inc.



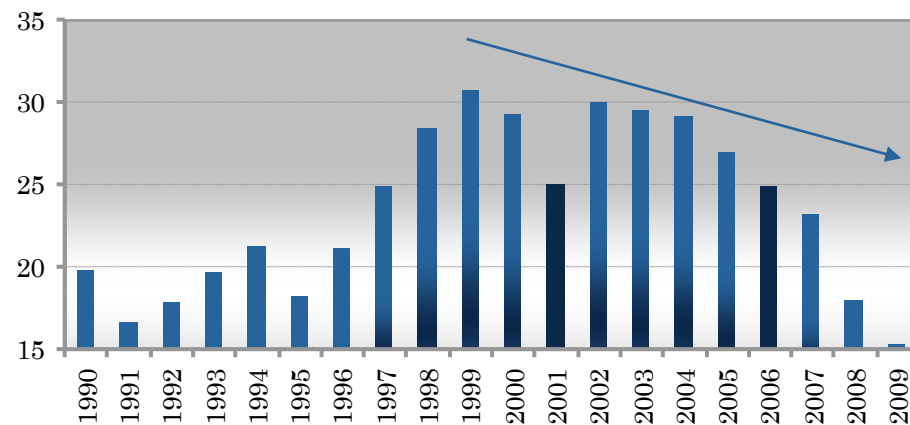
The above investment discussion is for illustrative purposes only as to a Manager's investment analysis in a prior situation. The investment return and other characteristics should not be regarded as necessarily typical nor as any assurance that the Fund will make comparable investments. Past performance is no guarantee of future results.

# Case Study 1: Gannett Company, Inc.

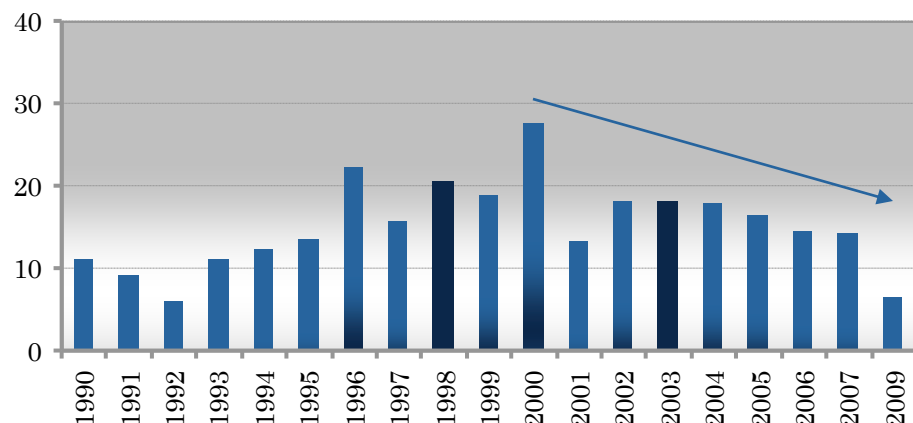
## Gross Margin



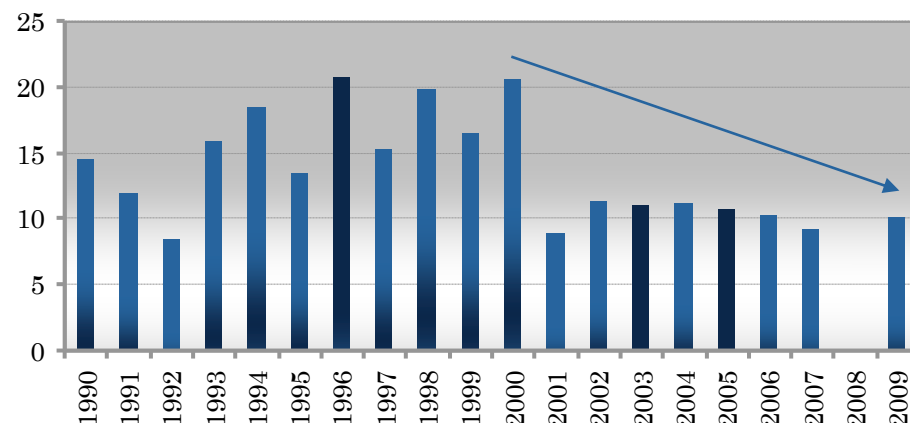
## Operating Margin



## Profit Margin



## Return on Capital

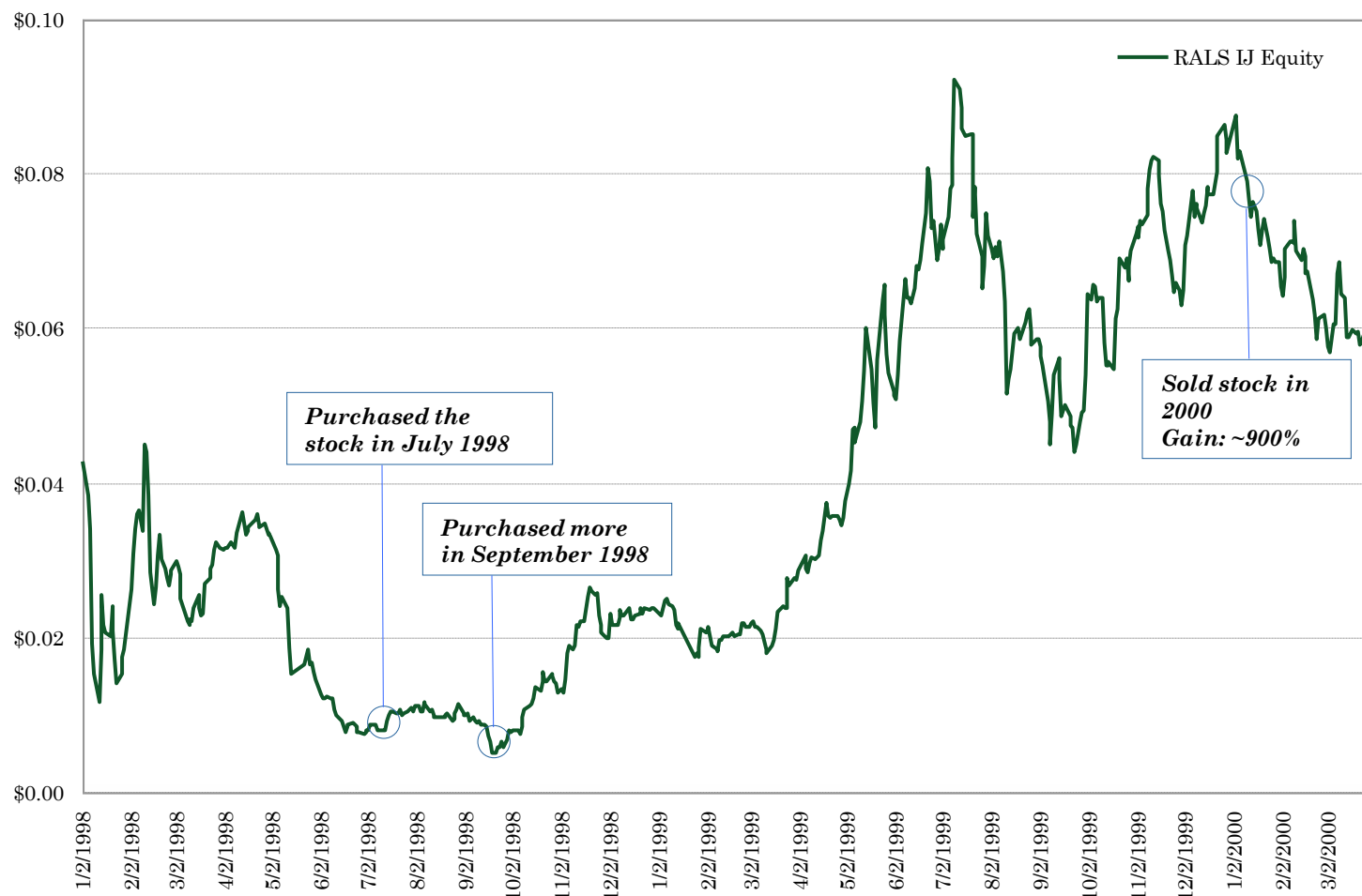


The above investment discussion is for illustrative purposes only as to a Manager's investment analysis in a prior situation. The investment return and other characteristics should not be regarded as necessarily typical nor as any assurance that the Fund will make comparable investments. Past performance is no guarantee of future results.

## Case Study 2: Ramayana Lestari Sentosa

- Owns and operates department stores in Indonesia. Sells a wide range of items such as clothing, accessories, and cosmetics
- 12 department stores burned down during Indonesian riots of May 1998
- Despite being insured, stock dropped 85% on concerns regarding reimbursement and recovery of the business
- Invested in shares based on RALS' strong brand name and customer base
- Bought shares in July at IDR 128 (\$0.0087) and in September at IDR 80 (\$0.0072) when market cap dropped to almost equal company's net cash
- Closed position in January 2000 at IDR 530 (\$0.073)

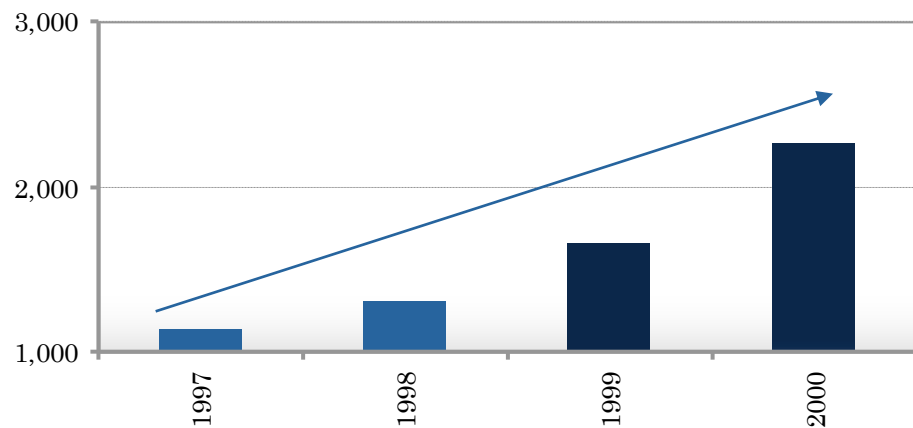
### Ramayana Lestari Sentosa



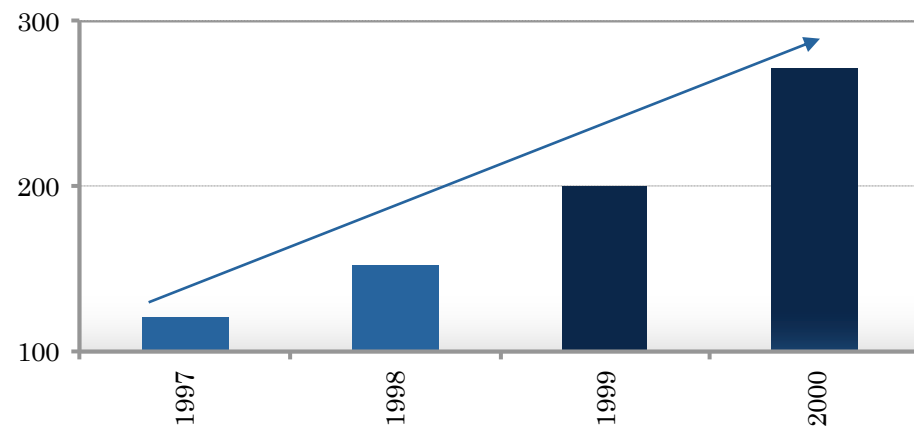
*The above investment discussion is for illustrative purposes only as to a Manager's investment analysis in a prior situation. The investment return and other characteristics should not be regarded as necessarily typical nor as any assurance that the Fund will make comparable investments. Past performance is no guarantee of future results.*

## Case Study 2: Ramayana Lestari Sentosa

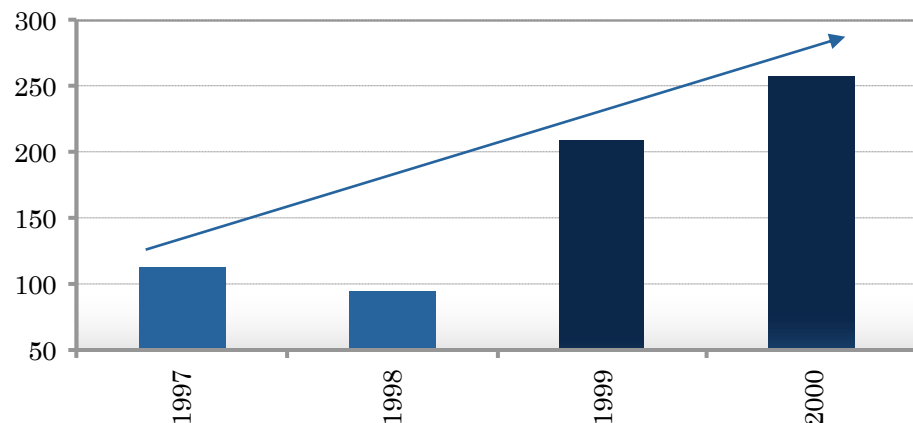
Revenue (IDR billions)



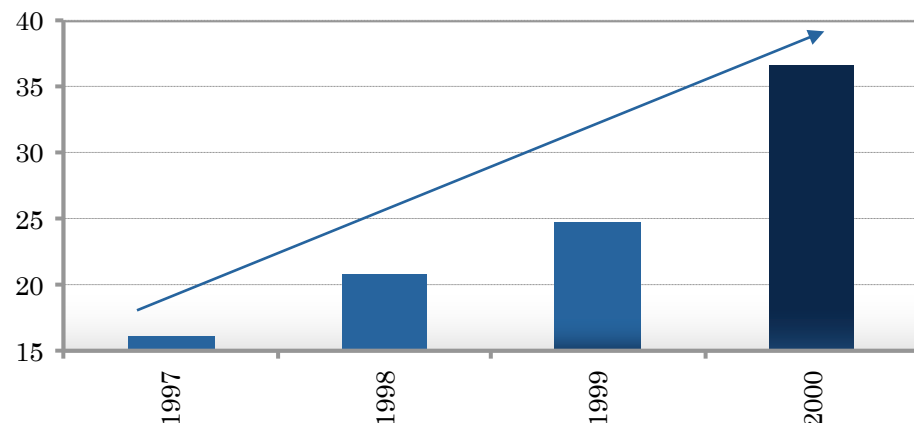
EBITDA (IDR billions)



Net Income (IDR billions)



Trailing 12M Earnings Per Share (IDR)



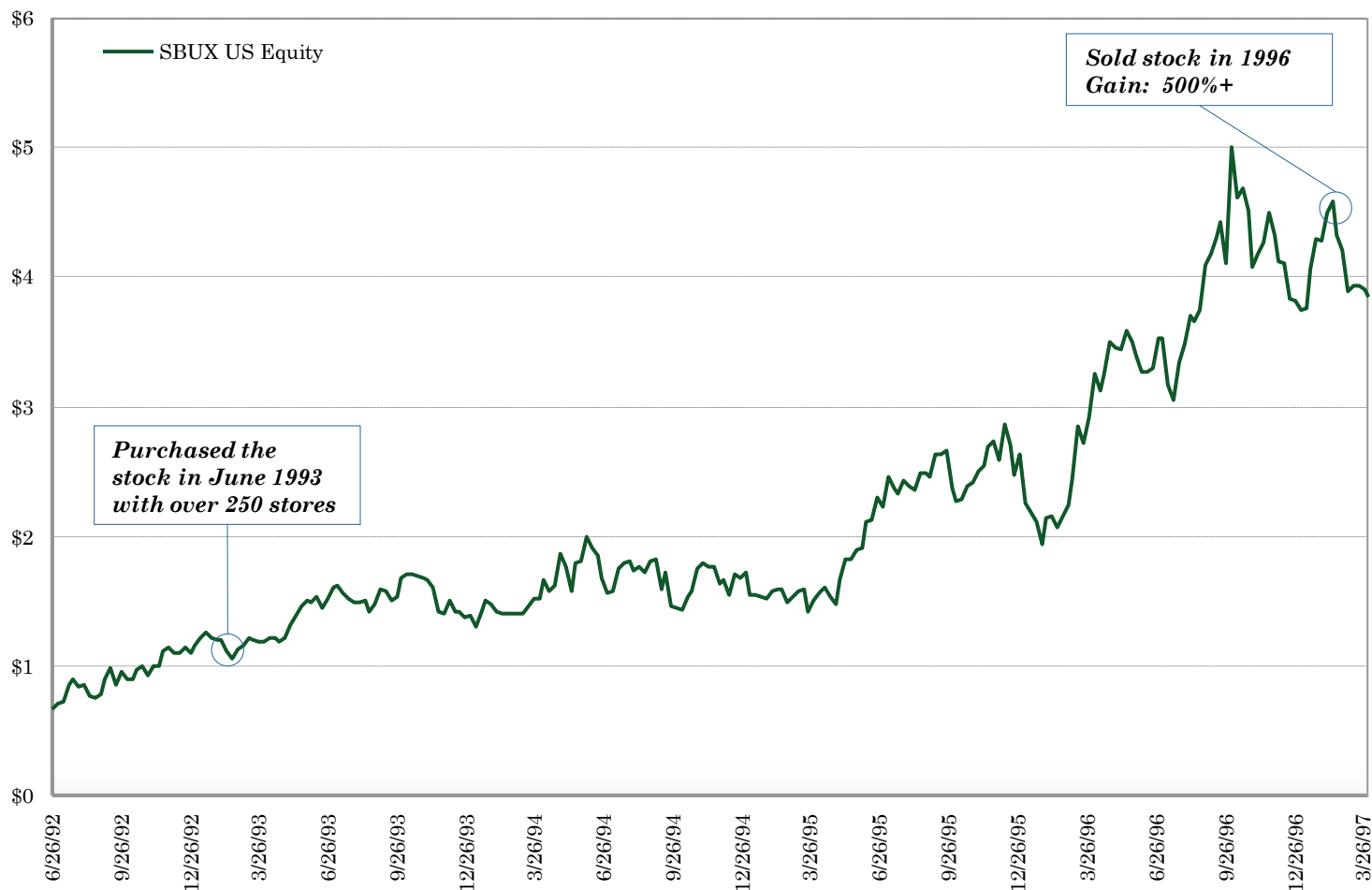
*The above investment discussion is for illustrative purposes only as to a Manager's investment analysis in a prior situation. The investment return and other characteristics should not be regarded as necessarily typical nor as any assurance that the Fund will make comparable investments. Past performance is no guarantee of future results.*



# Case Study 3: Starbucks

- 3,501 stores by 2000
- IPO in June 1992 with 165 stores
- Revenues per store in 1990: \$427,000
- Revenues per store in 1995: \$700,000, as Starbucks brand value and fame rose.
- Purchased the stock in June 1993 with over 250 stores
- CEO communicated to investors goal of 2,000 stores by 2000.
- Sold stock in 1996 Gain: 500%+

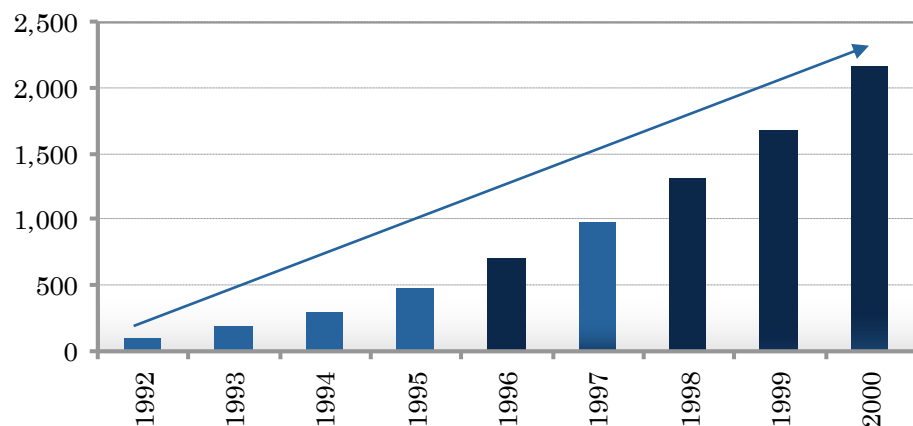
## Starbucks, Inc.



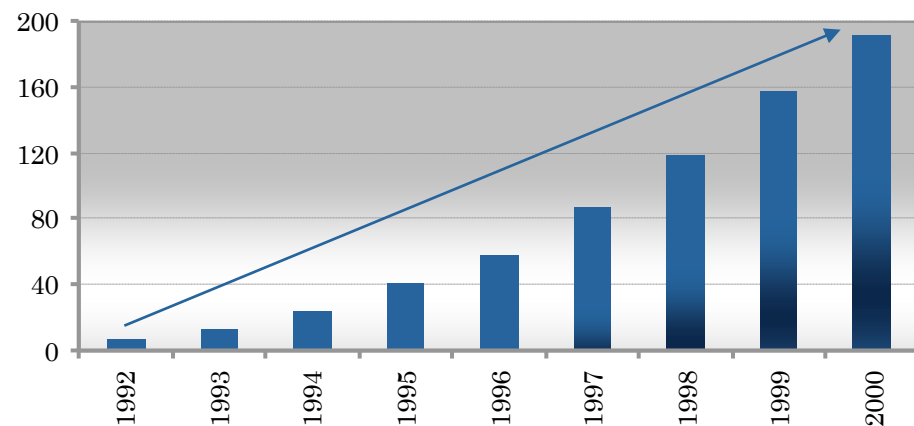
The above investment discussion is for illustrative purposes only as to a Manager's investment analysis in a prior situation. The investment return and other characteristics should not be regarded as necessarily typical nor as any assurance that the Fund will make comparable investments. Past performance is no guarantee of future results.

# Case Study 3: Starbucks

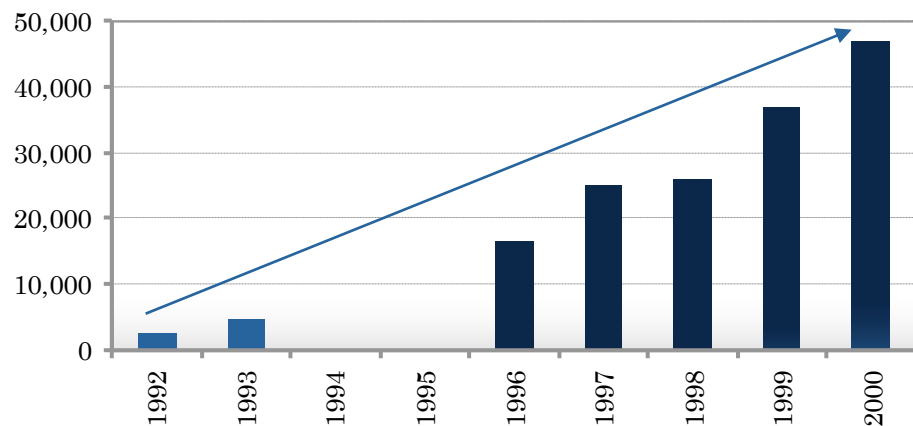
**Full Year Revenue (USD millions)**



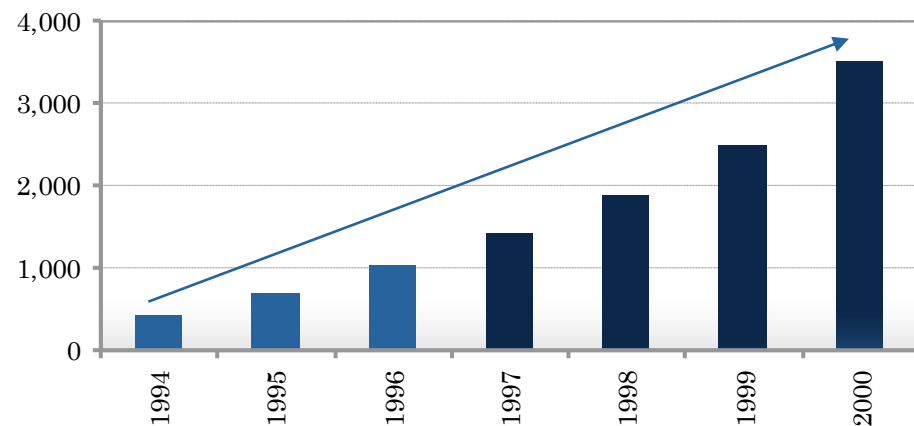
**Operating Income (USD millions)**



**Headcount**



**Number of Stores**

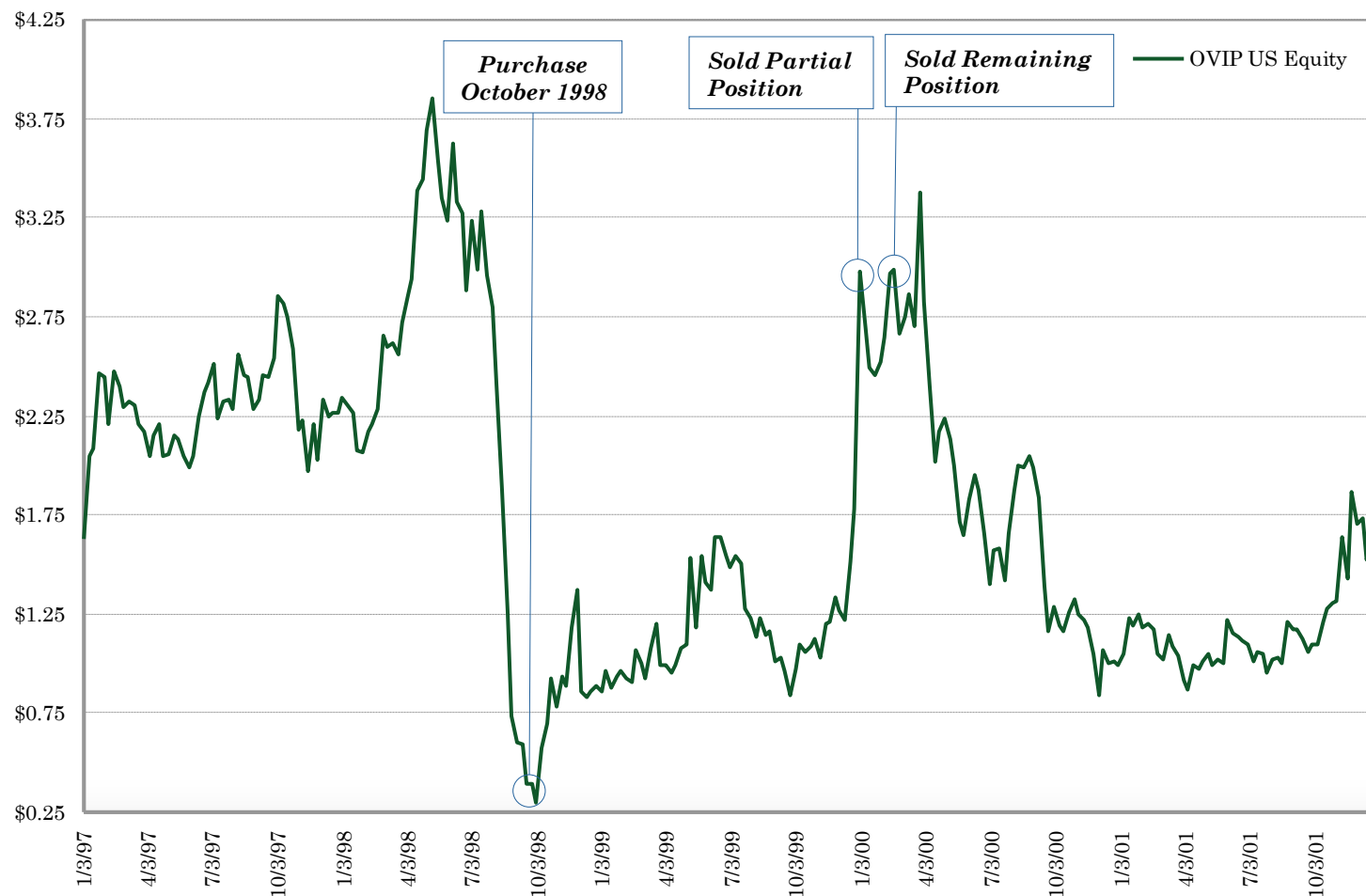


*The above investment discussion is for illustrative purposes only as to a Manager's investment analysis in a prior situation. The investment return and other characteristics should not be regarded as necessarily typical nor as any assurance that the Fund will make comparable investments. Past performance is no guarantee of future results.*

## Case Study 4: Vimpelcom

- Russia defaulted on sovereign debt in 1998
- In 1998, Russian wireless penetration was 1%
- Bought in October 1998 at \$0.40
- Sold in March 2000
- Invested 10% of fund in Vimpelcom
- Gain 800%

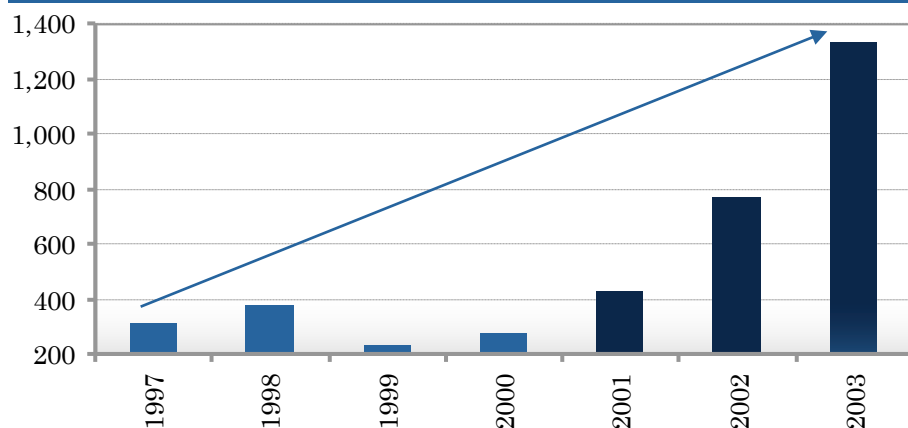
### Vimpelcom



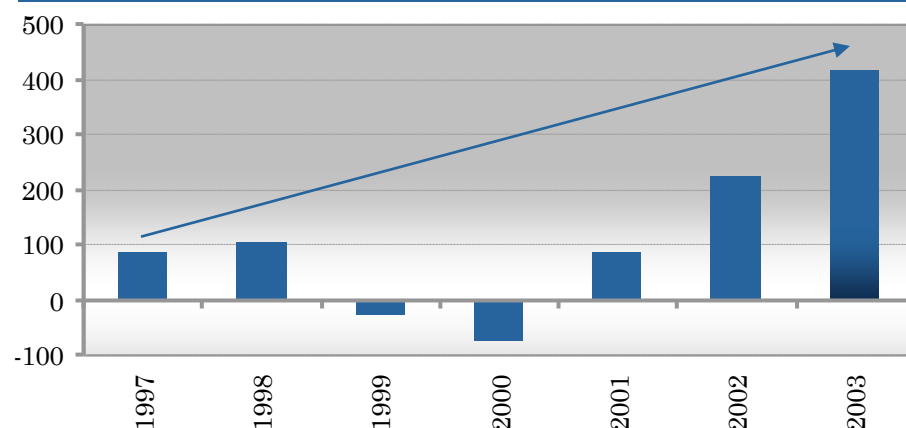
The above investment discussion is for illustrative purposes only as to a Manager's investment analysis in a prior situation. The investment return and other characteristics should not be regarded as necessarily typical nor as any assurance that the Fund will make comparable investments. Past performance is no guarantee of future results.

# Case Study 4: Vimpelcom

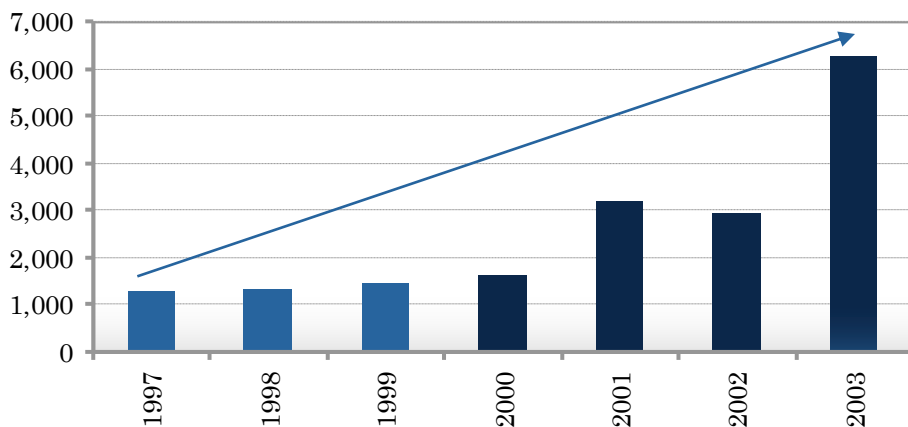
**Revenue (USD millions)**



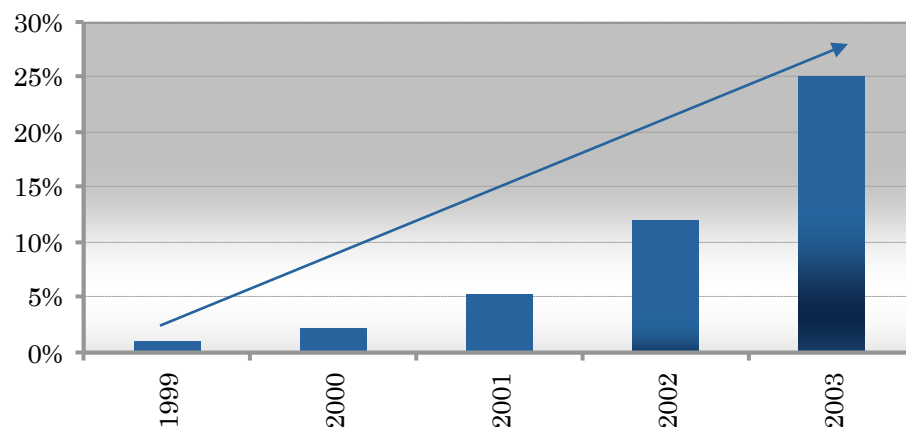
**Operating Income (USD millions)**



**Headcount**



**Wireless Penetration in Russia**

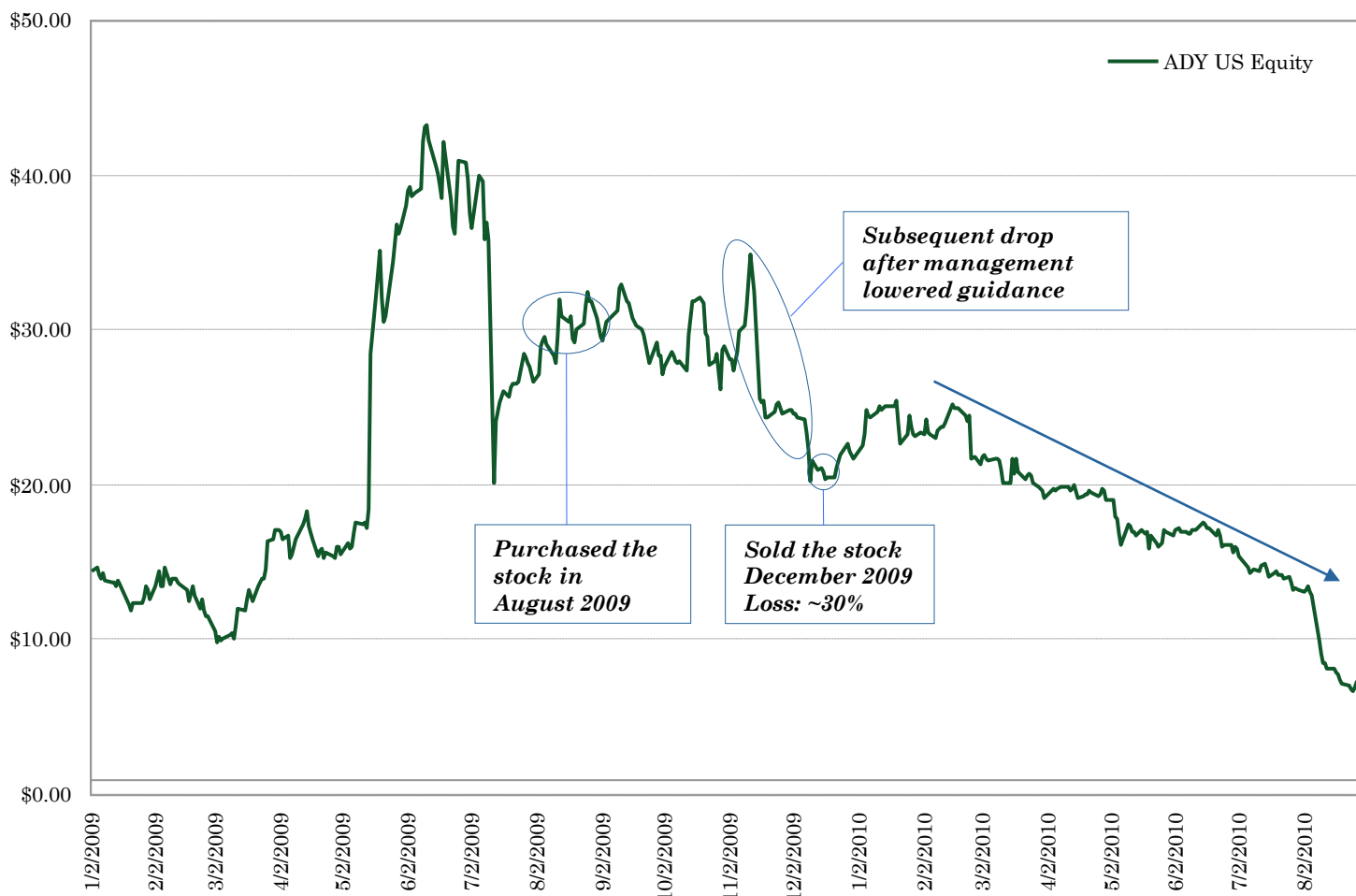


The above investment discussion is for illustrative purposes only as to a Manager's investment analysis in a prior situation. The investment return and other characteristics should not be regarded as necessarily typical nor as any assurance that the Fund will make comparable investments. Past performance is no guarantee of future results.

# Case Study 5: American Dairy Inc.

- Producer and distributor of milk powder, soybean milk powder, and related dairy products in China
- Purchased based on improvements made to company, upgrade to Big Four auditor and new CFO
- ADY's stock fell sharply in July 2009 on significantly weaker guidance on revenues, margins, and ASPs
- Spoke to management after guidance was lowered in November 2009. More concerns caused us to close the position in ADY
- Bought shares in August 2009 at \$30.07
- Closed the position in December 2009, at \$21.16
- Realized a loss of 30% on ADY

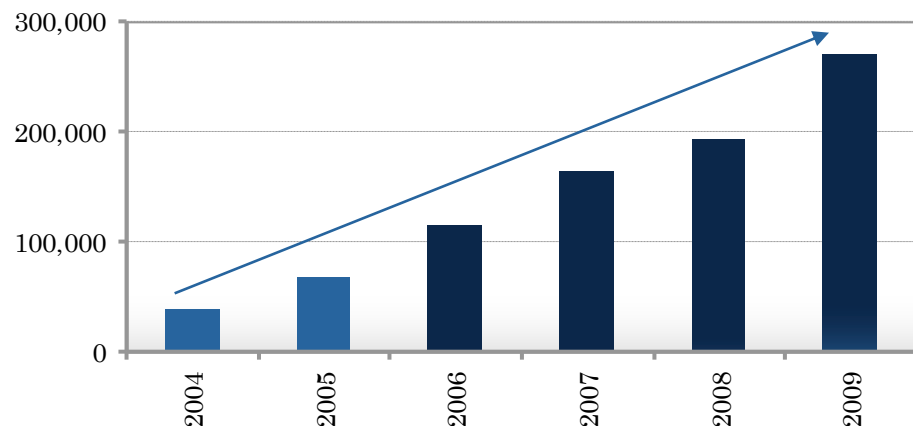
## American Dairy Inc.



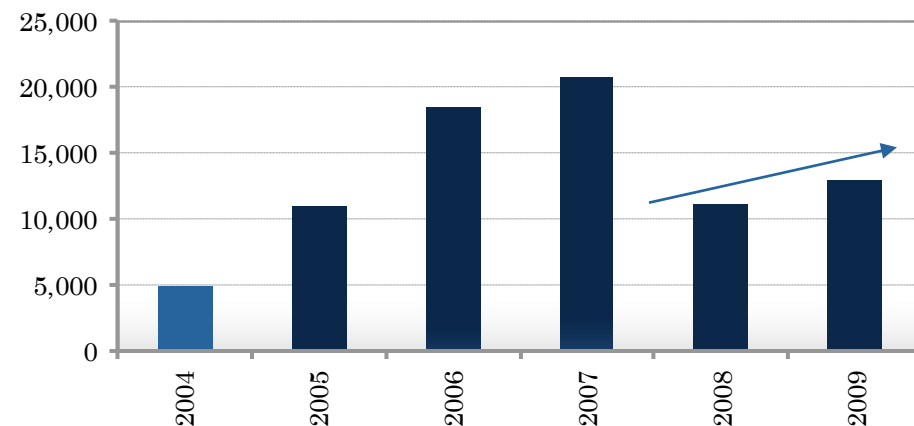
*The above investment discussion is for illustrative purposes only as to a Manager's investment analysis in a prior situation. The investment return and other characteristics should not be regarded as necessarily typical nor as any assurance that the Fund will make comparable investments. Past performance is no guarantee of future results.*

# Case Study 5: American Dairy Inc.

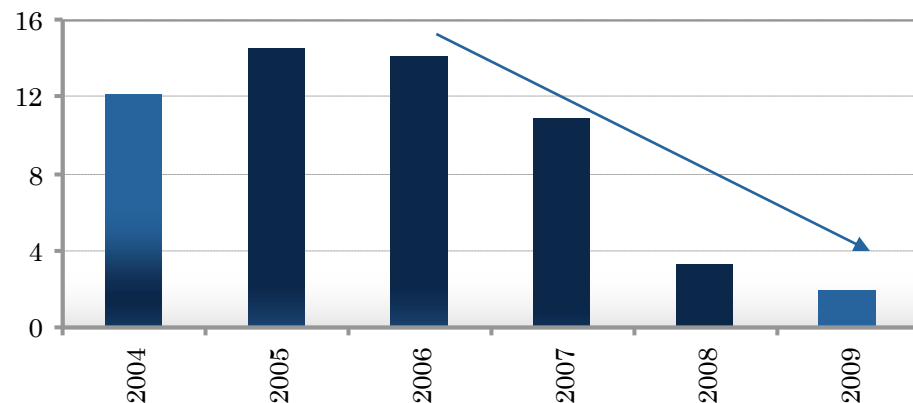
**Revenue (USD thousands)**



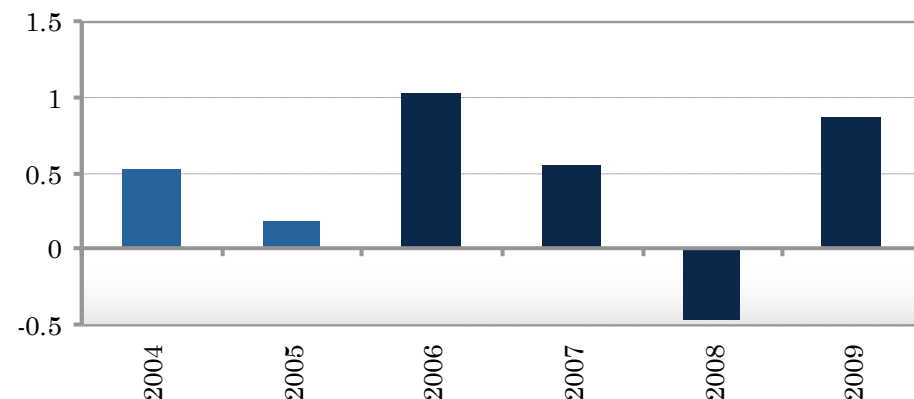
**EBITDA (USD thousands)**



**Operating Margin (%)**



**Trailing 12M Earnings Per Share (US\$)**



*The above investment discussion is for illustrative purposes only as to a Manager's investment analysis in a prior situation. The investment return and other characteristics should not be regarded as necessarily typical nor as any assurance that the Fund will make comparable investments. Past performance is no guarantee of future results.*



### Rothstein Kass

- Rothstein Kass was founded in 1959 as a small boutique accounting firm and today has grown into a top-ranked, premier professional services firm serving privately held and publicly traded companies as well as high-net-worth individuals and families.
- Rothstein Kass will be providing Navigator Capital with auditing and tax services.

(<http://www.rkco.com>)



- Headquartered in San Francisco and with offices in New York and the British Virgin Islands, Conifer Group has been in business since 1989. Conifer's comprehensive platform of business and operations solutions appeals to both start-up and established managers
- Conifer Fund Services LTD, which is SAS 70, Type II certified, received 65 “Best in Class” awards in the 2009 Global Custodian Hedge Fund Administration Survey.
- Conifer will be providing Navigator Capital with middle office, fund administration services and a comprehensive outsourced CFO solution for corporate accounting and service vendor management.

(<http://www.conifersecurities.com>)



- Founded in 2000, CF Global was launched to provide outsourced international equity trading to US institutional clients via dedicated professionals in New York, London, Toronto and Hong Kong.
- Today CF Global is a fully-integrated, global equity and debt firm. It services its clients' trading and liquidity needs globally in over 50 different international markets.
- Over 400 active global client relationships, encompassing a broad range of institutional equity and fixed income investors in the US, Europe and Asia.
- Cross-border execution is their expertise, and they operate 24/7 to source liquidity and provide the best execution for its clients.

(<https://www.cfglobal.com>)



- Incorporated in Mumbai in 2003, Aranca is a global provider of end-to-end customized investment and business research, valuation services and intellectual property research services.
- With a unique blend of market knowledge, research expertise and flexible engagement models, Aranca provides cost-effective yet world-class research services.
- Dedicated team of analysts, and editors ensure a consistent high quality level of research that is customized to our Portfolio Manager's needs and preferences.

(<http://www.aranca.com>)



## Contact Information



### **Navigator Capital, LLC**

527 Madison Avenue

6th Floor

New York, NY 10022

Edward Bozaan,

Managing Partner & Portfolio Manager

646-450-4655 Voice

[ebozaan@navigatorcap.com](mailto:ebozaan@navigatorcap.com)