



# Andurand Capital Management LLP

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# Overview

## ANDURAND CAPITAL

- ▶ A commodities investment firm with a specialization in oil derivatives
- ▶ Pierre Andurand achieved returns exceeding 240% net from February 2008 through April 2012 at BlueGold Capital
- ▶ Style: Fundamental and discretionary
- ▶ Directional and relative value
- ▶ Aim is to maximize returns with limited downside volatility
- ▶ CIO will have a significant percentage of his liquid net worth invested in the Fund (>50%)
- ▶ Launched: February 1<sup>st</sup> 2013

## VERSUS BLUEGOLD

- ▶ Less volatility and lower risk levels than at BlueGold
- ▶ No longer investing in equities
- ▶ Only one decision maker – Pierre Andurand
- ▶ After a difficult year in 2011, the first in his career, Pierre is more focused than ever on selecting trades with high risk-reward in a market with high volatility and high macro correlations
- ▶ Pierre is rested and focused on coming back. This time the company bears his name, Pierre has a long term view on the new fund and a determination to create value, starting with recovering the HWM
- ▶ Investors in Andurand Commodities are offered their HWM from BlueGold if they subscribe to the new fund at launch\*

\* Offer open to all investors who were invested with BlueGold until April 28<sup>th</sup> 2012 and are investing in the new fund at launch and who are eligible under applicable regulations to invest in the Fund, subject to the Offering Memorandum.

## PIERRE ANDURAND

### Pierre Andurand

Chief Investment Officer & Managing Partner



- ▶ Prior to founding Andurand Capital, Pierre was the Chief Investment Officer and Co-Founder of BlueGold Capital, which was an energy biased commodities hedge fund. Under Andurand's management BlueGold Capital achieved returns exceeding 240% net of fees from February 2008 until May 2012.
- ▶ Prior to BlueGold, Pierre was a highly successful energy trader at Vitol SA. He joined Vitol in 2003 in Singapore and relocated to London where he became a Partner and remained there until 2007. While at Vitol, Pierre's primary focus was on trading crude oil and refined products via directional and relative value strategies. Between 2002 and 2003, Pierre was a principal and oil trader at Bank of America in Singapore where he was taking speculative positions and responsible for the market making of oil derivatives (swaps, options and exotics). In 2000, Pierre was recruited out of graduate school by Goldman Sachs to be an oil trader for the bank's commodities trading unit in Singapore.
- ▶ Pierre holds a Masters in International Finance from HEC, Paris and an Engineering Degree in Applied Mathematics from INSA, Toulouse, France.

NOTE: "BlueGold" is used in this presentation to refer either to BlueGold Capital Management LLP or BlueGold Global Fund Inc. & BlueGold Global Fund LP depending on the context in which it is used

# Organizational chart



- ▶ Most of the Andurand Capital team previously worked together at BlueGold
- ▶ The CIO is supported by experienced professionals across a number of functions

Andurand  
Commodities Fund  
targets absolute  
returns with an  
asymmetric payoff  
to the upside

# Investment Strategy

- ▶ Discretionary and fundamental based on detailed supply and demand models as well as an extensive network spanning the financial services and physical trading industries
- ▶ Directional and relative value trades
  - Directional:
    - Expressed via futures and/or options (typically long options)
  - Relative Value:
    - Crack or product spreads, refinery margins
    - Geographic spreads or arbitrages
    - Time or calendar spreads
    - Quality differentials
- ▶ Typically a medium term (3 – 6 months) investment time horizon. Tactical and short term when needed.
- ▶ Liquidity in the portfolio is paramount to risk management

# Investment Universe



- ▶ The investment universe spans the entire commodities spectrum (futures, options, swaps) with a focus on the oil sector:
  - Energy (oil mainly, coal, natural gas, power)
  - Metals
  - Agricultural Products
  - Currencies
- ▶ Typically, futures and options contracts traded are from the first month delivery up to three years forward
- ▶ Liquidity of the underlying instruments is key to risk management



# Track Record\*

<b>BlueGold Global Fund</b>	<b>+241%</b>
S&P GSCI	-31.1%

<b>YEAR</b>	<b>BlueGold Global Fund</b> Audited Performance net of fees	<b>Performance Attribution</b>
2008	+209.4%	70% Directional Trades, 30% relative value trades 110% commodities, -10% equities
2009	+55%	30% directional, 70% relative value trades (90% commodities, 10% equities)
2010	+12.8%	80% Directional Trades with a strong Q4 (70% commodities, 30% equities)
2011	-34.8%	Extreme volatility due to macro issues and an unprecedented sell off in oil in May 2011 (70% directional, 30% relative value) (75% commodities, 25% equities )
2012	-3.4%	Limited market exposure (closing equities positions)
Since inception	+241.0%	-31.1% S&P GSCI

This track record demonstrates the CIO's ability to generate outstanding returns in various markets – bull, bear and range bound \*

\* All numbers are based on internal data. Past performance is not an indication of future performance and value of investments can go down as well as up .  
The full set of monthly returns of the BlueGold Global Fund are shown in the Appendix.

# Risk Management

- The Fund will adhere to risk constraints both on VaR, net and gross leverage
- The Fund will be highly liquid and so risk can be reduced quickly as needed
- Risk management has evolved since BlueGold in order to adapt to markets which are more range bound and volatile than they were in the past

Zone	Peak to trough drawdown	Daily 95% VaR constraint	Net Leverage Constraint	Gross Leverage Constraint
1	No drawdown	2.25%	-1 to 1	5
2	Down 0 to 8%	2%	-0.9 to 0.9	4
3	Down 8%-11%	1.25%	-0.7 to 0.7	3
4	Down 11%+	1%	-0.5 to 0.5	2
5	Down 15%	All risk off for two weeks and then go to 4		

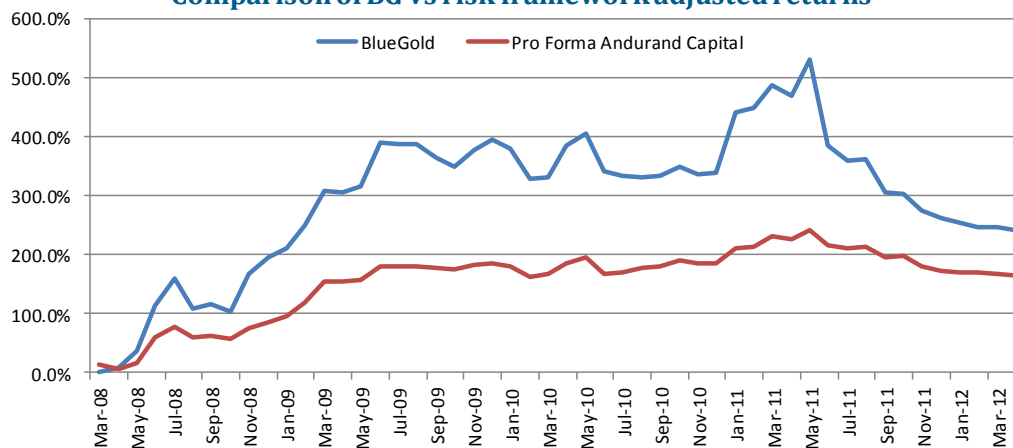
NOTE: These risk constraints are enforced prior to or on each monthly dealing day. However, intra-month the fund may exceed these risk limits as a result of non linear PNL, e.g. options moving into the money, increasing delta, or similar. If limits are exceeded intra-month as a result of such moves, the fund will move within the risk limits (e.g. take profits) on or by the next dealing day. To be clear, the fund will not add to positions intra-month if such additions would breach the risk limits.

# Pro-forma performance

## Performance Comparison

- ▶ With the new risk management framework, the Fund can adapt better during highly volatile and range-bound conditions, which will allow it to keep fundamental positions with medium to long term time horizon and see them come to fruition
- ▶ Lower volatility target supports fundamental trading strategy in current market conditions
- ▶ In current market conditions, many trades will be tactical as well
- ▶ Anticipated Volatility 15% instead of BlueGold's 30%-50%
- ▶ Anticipated returns 15-20% p.a.
- ▶ Pro-forma return\* since inception 160% instead of BlueGold's 240% - a higher return/vol
- ▶ Similar Sharpe ratio at 1.1 versus 1.0 experienced with BlueGold

Comparison of BG vs risk framework adjusted returns\*



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2008		13.7%	-7.3%	10.9%	36.2%	11.1%	-9.4%	1.1%	-2.6%	11.3%	5.7%	4.9%	94.7%
2009	12.8%	15.9%	-0.1%	1.2%	9.2%	-0.2%	0.1%	-1.3%	-1.0%	2.7%	1.4%	-2.1%	43.8%
2010	-6.5%	2.5%	6.5%	3.0%	-9.0%	0.6%	3.0%	0.9%	3.2%	-1.8%	0.4%	9.2%	11.2%
2011	0.9%	5.0%	-1.0%	4.2%	-7.0%	-1.5%	0.7%	-6.0%	0.5%	-5.5%	-2.5%	-1.2%	-13.3%
2012	-0.5%	-0.5%	-1.0%	-0.3%									-2.3%

\* Based on internal data. All returns are pro-forma and based on BlueGold returns in the period, adjusted as a result of the new fund not investing in equities, not suffering the same volatility as Bluegold and different risk and stop levels.

# Andurand Commodities Performance:

	Feb-13	Mar-13	Apr-13	YTD
ANDURAND*	+3.5%			+3.5%
S&P GSCI CRUDE	-6.1%			-6.1%
AVERAGE NET LEVERAGE	0.2			0.2
AVERAGE GROSS LEVERAGE	1.8			1.8
AVERAGE 95% 1 DAY VaR	1.3%			1.3%

\*Andurand Commodities Fund. Source: Citco Fund Services and internal data.

YTD for the Fund and the S&P GSCI Total Return Crude Index is since 1 February 2013.

VaR methodology: VaR is calculated by RiskMetrics using 1 year of historical data and is the average of 1 day 95% historical and Monte Carlo simulated VaR exponentially decayed 6% per day, using 1 year of historical data. Average is the average during the month.

# Key Terms and Service providers

## Andurand Commodities Fund – Key Terms

Launch Date	1 Feb 2013
Minimum Investment	\$2 million
Early Redemption Fee	none
Notice period	2 months
Dealing	monthly
Lock up	none
Management Fee	2 %
Performance Fee	20 %
HWM	Yes*

## Fund Service Providers

### Prime brokers

- ▶ Goldman Sachs International (UK)
- ▶ Credit Suisse (UK)

### Legal counsel

- ▶ Schulte Roth & Zabel (UK)
- ▶ Maples and Calder (Cayman)

### Auditors

- ▶ KPMG (Cork, Cayman)

### Fund Administrator

- ▶ Citco (Cork)

\* Offer open to all investors who were invested with BlueGold until April 28<sup>th</sup> 2012 and are investing in the new fund at launch and who are eligible under applicable regulations to invest in the Fund, subject to the Offering Memorandum.

# Appendix: Monthly Returns since 2008

2012		Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	YTD
	Monthly returns	-1.6%	-0.5%	-1.0%	-0.3%									-
	YTD	-1.6%	-2.1%	-3.0%	-3.4%									-3.4%
	Avg net leverage	-0.2	-0.1	0.0	0.0									-0.1
2011		Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	YTD
	Monthly returns	1.3%	7.3%	-3.3%	10.8%	-23.1%	-5.2%	0.2%	-12.2%	-0.2%	-7.4%	-3.4%	-2.3%	-
	YTD	1.3%	8.7%	5.1%	16.4%	-10.5%	-15.1%	-14.9%	-25.3%	-25.4%	-30.9%	-33.2%	-34.8%	-34.8%
	Avg net leverage	1.3	2.1	2.3	3.0	1.9	1.1	0.6	0.1	-0.2	-0.3	-0.2	-0.2	0.9
2010		Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	YTD
	Monthly returns	-10.9%	0.8%	12.4%	4.4%	-12.8%	-1.6%	-0.9%	0.9%	3.2%	-2.7%	0.8%	23.0%	-
	YTD	-10.9%	-10.1%	1.1%	5.5%	-8.0%	-9.5%	-10.3%	-9.5%	-6.6%	-9.10%	-8.40%	12.8%	12.8%
	Avg net leverage	1.2	0.7	1.3	1.1	0.6	0.8	0.4	0.1	0.8	1.4	1.9	1.9	1.0
2009		Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	YTD
	Monthly returns	12.8%	16.5%	-0.1%	2.5%	17.4%	-0.4%	0.3%	-4.7%	-3.2%	6.0%	3.8%	-3.0%	-
	YTD	12.8%	31.4%	31.3%	34.6%	58.1%	57.4%	57.6%	50.2%	45.5%	54.6%	59.8%	55.0%	55.0%
	Avg net leverage	-0.1	0.1	0.3	0.4	0.5	1.0	0.7	1.4	1.1	1.0	1.3	1.1	0.7
2008		Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	YTD
	Monthly returns	-	30.6%	-16.3%	24.3%	57.4%	21.1%	-19.1%	3.0%	-5.8%	32.0%	9.8%	5.2%	-
	YTD	-	30.6%	9.3%	35.8%	113.7%	158.9%	109.4%	115.6%	103.0%	168.0%	194.2%	209.4%	209.4%
	Avg net leverage	-	1.4	2.9	3.0	2.3	1.8	1.5	0.4	-0.5	-0.5	-0.4	-0.1	1.0

Source: Based on internal data and analysis. For share class A as published by Citco Fund Services, the administrator to BlueGold Fund LP and BlueGold Global Fund Inc.

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