

Company Presentation

September 2008



Varengold

WERTPAPIERHANDELSBANK AG

INTELLIGENT INVESTMENTS

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Varengold Basic Information

Market Overview and Strategy

Backups

This is Varengold – Our Expertise



- **Only German Investment Bank specialized in Managed Futures**

Varengold is the only German Investment Bank that is exclusively specialized in Managed Futures.



- **Award Winning Products**

As pioneers, Varengold created the first German Fund of Hedge Funds with a focus on managed futures in 2006. This fund won multiple best German Fund of Hedge Funds awards in 2007.

(Awards from the I.B.C. Consulting for Institutional Banks and the Euro-Fund Award)



- **Pioneer as “Contract for Difference” (CFD) - Broker**

Since 2000, Varengold has worked with the Hanseatic Brokerhouse Securities AG to offer the derivative “Contract for Difference” (CFD), and was the first German Investment Bank to offer such a product.

- **Operator of the First Managed Future Manager Portal**

Varengold created the first managed futures platform for managers throughout the world, (www.cta-portal.de), that gives investors direct and secure access to a world wide network.

Why Managed Futures?



Managed Futures are investment products based on standard contracts, particularly futures, and options, which are actively managed by Managed Futures Managers.

Properties of Managed Futures:

- Extremely high transparency through the use of market traded derivatives, and the strict regulation by the appropriate oversight boards.
- Drive returns: generally double digit annual return.
- Risk diversification across diverse market sectors (stocks, bonds, commodities, derivatives, etc)
- Zero correlation to stocks, bonds, hedge funds and private equity, which provides good diversification in investment portfolios
- Outstanding characteristics of risk reduction, since both short and long trades are possible.

→ Managed Futures – Value from Management!



Comparison of Hedge Fund Types

Traditional Hedge Funds

- No regulation requirements for the Manager
- No limitation of the choice of investment
- Investment is partially illiquid, since it is not traded on a market
- Highest monthly NAV - Evaluation
- Straight up purchasing of investments
- Nontransparent regarding the product choice and manager style

Managed Futures Funds

- Managed Futures Manager are regulated i.e. by the Commodity Exchange Act
- Pure exchange traded, with futures of different investment types
- Multiple styles used
- Extremely liquid
- Available on an account basis, allowing total transference of each transaction
- Recognition of style drifts

➔ **“Managed Futures are no more risky than traditional stock investments.”**

Source: IASG.com, Professor Thomas Schneeweis, University of Massachusetts

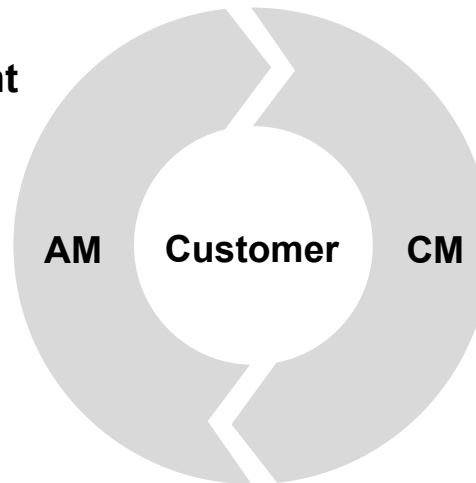
Our Two Business Areas



The Varengold business areas Asset Management (AM) in Managed Futures, and Capital Markets Brokerage (CM) interact strongly with another – new customer acquisition can positively affect each business area.

AM: Varengold Asset Management in Managed Futures

Development of fund of funds, as well as portfolio management with Managed Futures



CM: Varengold Capital Markets – Brokerage

Full-Service Online Trading in:

- Futures / Options,
- Currency (Forex),
- Contracts for Difference (CFDs)



AM: Varengold Asset Management in Managed Futures

- Fund of funds management with Managed Futures Managers
- Product development and implementation in respect to customer needs
- Evaluation and observation of Managed Futures Managers, their strategies, risks and the optimal portfolio combination
- Collection of a wide manager pool with individually selected managed futures managers, and a worldwide network of nearly 1,000 Managed Futures Managers
- Highly independent due to the large selection of Managed Futures Managers.
- First class risk management on the level of single Managed Futures-Manager and -Portfolio
- Varengold Hedge Fund Hotel offers a specific network as an incubator and a jump starter for young and promising managers.

Varengold Capital Markets Brokerage



CM: Varengold Capital Markets Brokerage

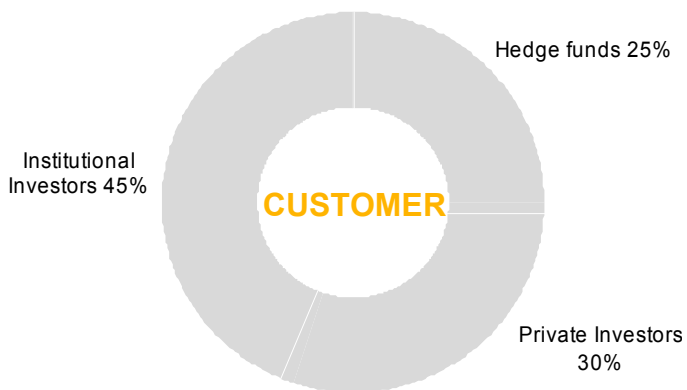
- Online Trading of:
 - Futures / Options
 - Currency (Forex)
 - Contracts for Difference (CFDs)
- German and English language order and support desk
- Outstanding technology and platform with a unique connection to the infrastructure and the security of a German Investment Bank with German account management



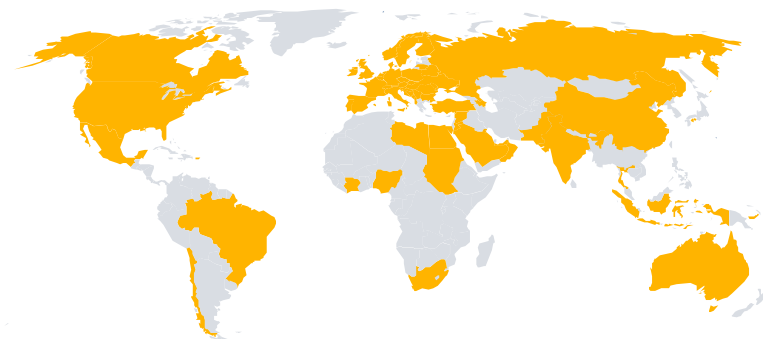
Our Clients

Our customers and target groups represent a world wide spectrum.

Rough summary of clients, based on total assets in Varengold Asset Management



Internationality in area Varengold Capital-Markets-Brokerage



Professional, private and institutional Traders
(International distribution)

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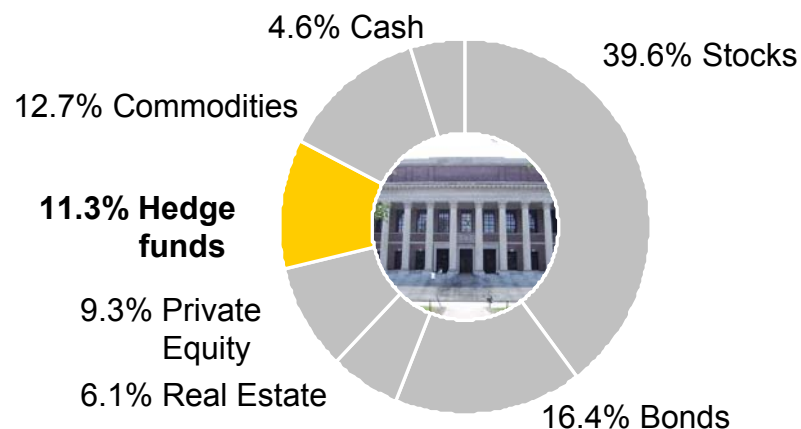


Portfolio Element: Alternative Investments

Harvard and Yale are portfolio benchmarks. Hedge funds are solid portfolio elements, and are gaining more focus in portfolios

Harvard

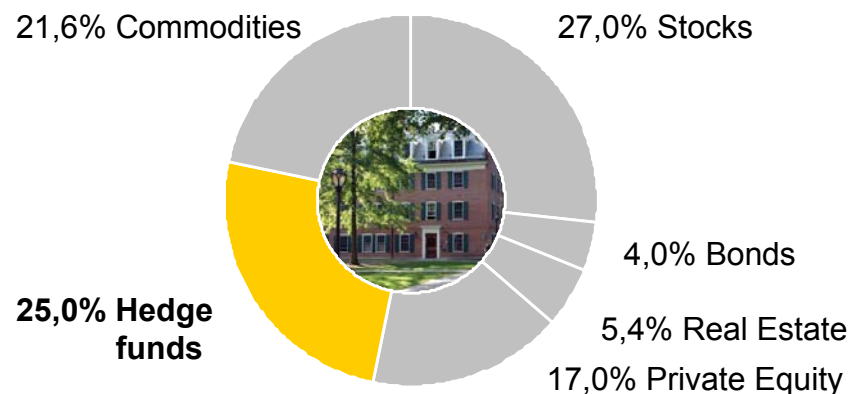
- Between 1974 and 2006, Harvard University's profile achieved an **average annual return of 11.2%**
- Managed Assets: \$ **40.8 Billion USD** (Date: 30.6.2007), Assets in **11,000 securites**



Source: <http://vpf-web.harvard.edu/annualfinancial/>

Yale

- Over the last 20 years, the portfolio of Yale University achieved an **average annual return of 16.1%**
- Managed Assets: \$ **18.0 Mrd. USD** (Date: 31.12.2006)

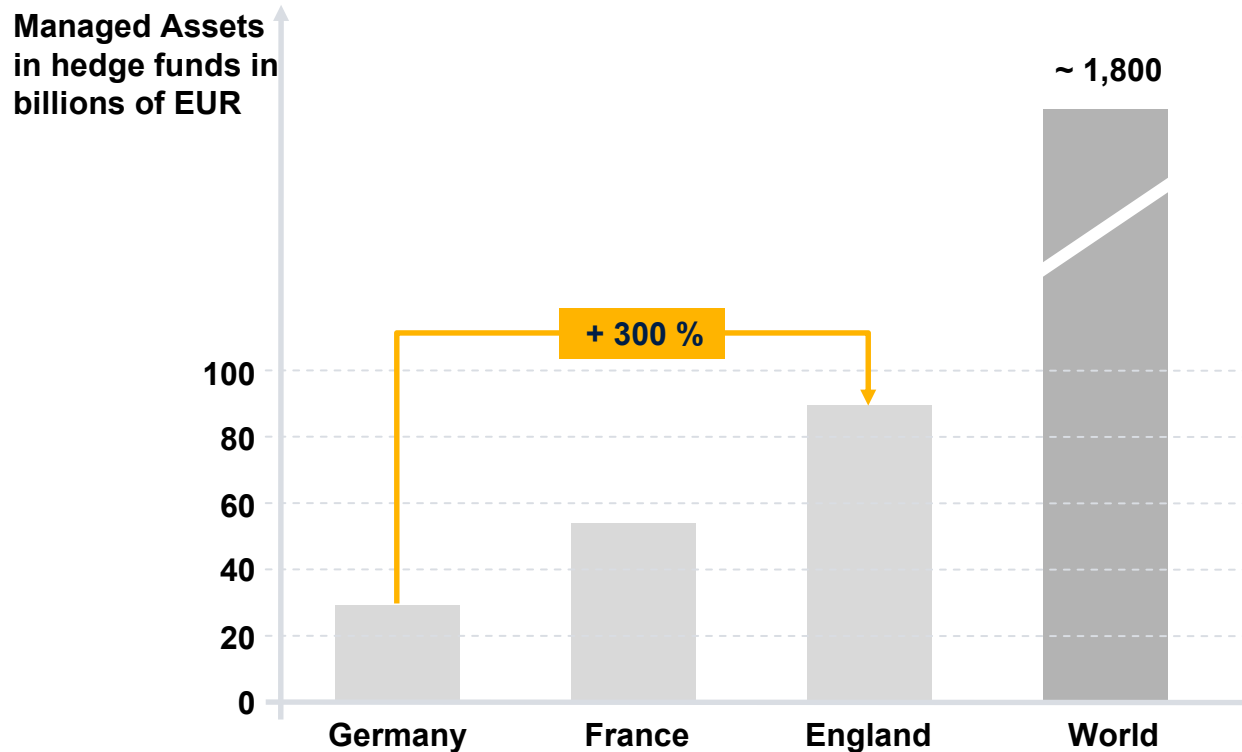


Source: www.yale.edu/investments/Yale_Endowment_06.pdf

Our Market – Developing Country Germany



Alternative investments and hedge funds belong to a market segment with clearly above-average growth potential in Germany.



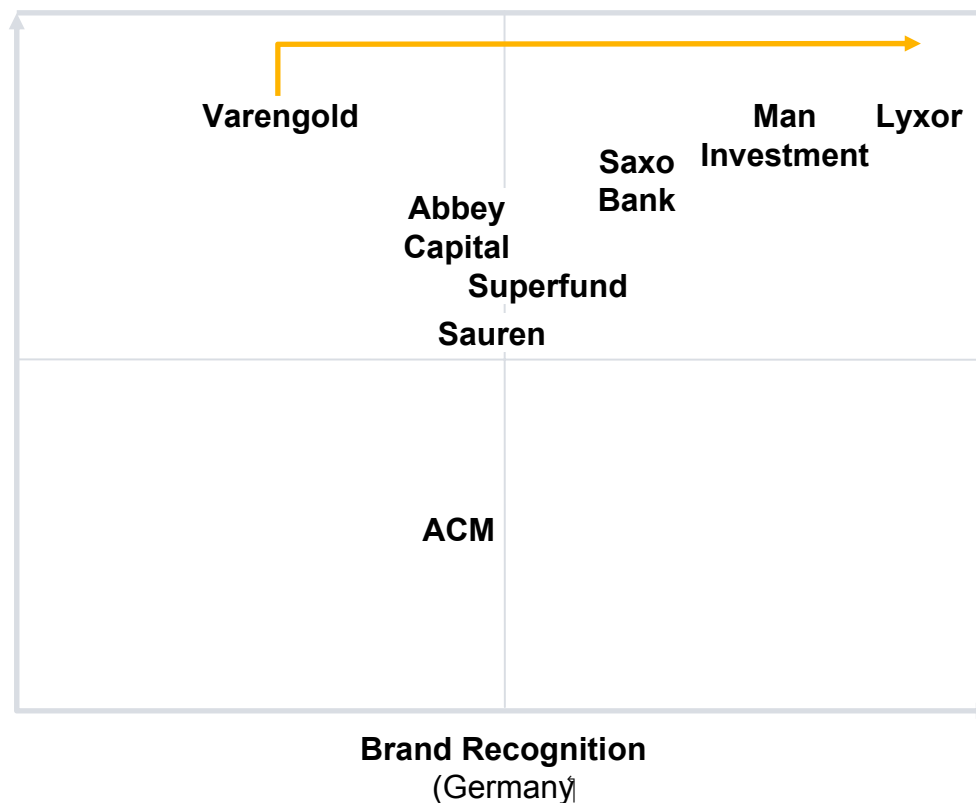
Source: Commerzbank „Der deutsche Hedgefonds Markt im Aufbruch?“



Our Competitive Environment

Varengold is unique in Germany – the wide arrangement of wealth generating entities itself barely offers a competitor.

Wealth Generation
(in the area of Managed
Futures, weighted
estimates)



Source: Varengold Wertpapierhandelsbank AG



Our Strategic Goals

Dynamic growth of returns and sustained growth of shareholder value through...

- 1.** ... the acquisition of new clients in Asset Management, and thereby securing a leading position in the segments of Managed Futures and hedge funds
- 2.** ... the international gain of new clients in Capital Markets – Brokerage, and the further improvement of our top position in the area of handling Futures and Options, CFDs, and Forex
- 3.** ... strategic investments and cooperation

→ Goal oriented further Growth – Using existing Economies of Scale!

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Company Development (1995 – 2003)



Varengold grew from a Managed Futures manager to a full-service investment bank for products and services in managed futures.

- **1995** Steffen Fix and Yasin Sebastian Qureshi found the company Varengold as a Limited Liability Partnership, and successfully implement their own self-developed trading strategies. (TOP 10 in ITR-Ranking)
- **1997** Varengold enters the market for online brokerage, and is one of the first German companies to offer Live-Reporting
- **1998** The company receives permission to operate as a credit institute from the Federal Banking Supervisory Office (BAKred)
- **1999** The company expands the worldwide network of Managed Futures Managers
- **2000** Varengold purchases 26% ownership in Hanseatic Brokerhouse Securities AG, and together with Hanseatic became one of the first German brokers to successfully offer CFDs
- **2003** The company receives permission to operate as an Investment Bank, or Wertpapierhandelsbank, under §1 Abs. 3d Satz 3 KWG by the authority of the Federal Institute for Financial Services Supervision (BaFin)

Company History (2003 – Today)



Today, Varengold is an established service provider, and has expertise in managed futures with its own brokerage platform.

- **2004** Varengold expands its product structure for Managed Futures and hedge funds for institutional clients, and initiates the first German Managed Futures Manager platforms.
- **2005** Varengold issues the hedge fund certificate “VK1-Index Certificate”.
- **2006** Varengold, together with Société Générale and Hansainvest, creates the “HI Varengold CTA Hedge”, the first approved German Managed Futures Hedge Fund of Funds, and goes online with the first German Managed Futures Manager platform, “cta-portal.com”.
- **2007** Entry standard listing of Varengold stock on the Frankfurt Stock Exchange (ISIN DE0005479307) on March 20, 2007
- **2008** Multiple awards for the “HI Varengold CTA Hedge”, including Best German Hedge Fund of Funds 2007.

In addition to the headquarters in Hamburg, Varengold maintains service support centers in Shenzhen (China) and Zürich (Switzerland).

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Disclaimer

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- Historical performance is no guarantee for future performance. Therefore, shown returns and prices shall serve as an orientation and are no binding offer.