



## Acorn Diversified Program – August 2011

The Acorn Diversified Program gained 3.16% for the month of August.

The situation in Europe continued to dominate global markets this month. Despite the fact that short selling was banned in several European countries, equity markets there still experienced double digit down months. Germany's DAX Index was down 19.19%. Acorn's program was favourably positioned with short exposure to the EuroStoxx and FTSE markets as well as a modest short exposure to the DAX itself. The longer term momentum in global equity markets is beginning to roll over to the downside after a couple of years of recovery.



Volatility in the currency sector continues to expand. The Japanese government intervened by selling the Yen early in the month only to see the market completely recover within a week. Meanwhile, the Swiss also intervened with the Franc which resulted in the Franc dropping more than 12% from its previous high. It continues to falter after a long

period of strength. We are currently positioned short the Swiss Franc and we no longer have a position in the Japanese Yen.

Our bond positions continued to generate profits in August on both the short end and the long end of the yield curve. North American and Asian bond markets outperformed their European counterparts. Our allocation to bonds is currently increasing.

The most profitable market of the month was coffee as prices surged over 18% in August. This occurred despite the fact that the market is expecting a bumper crop in Brazil this year.



Volatility is expanding in all sectors. Trends in equities, energies, base metals and currencies are all changing. Our plan today is no different than any other day. We will continue to execute our process that allows winning positions to stay while quickly exiting losing positions.

As always, if you have any questions, feel free to contact us at 905-257-0773 or at [service@acorn.ca](mailto:service@acorn.ca).

Best regards,

Jason Russell, CFA  
President and Chief Investment Officer

**Objective and Strategy**

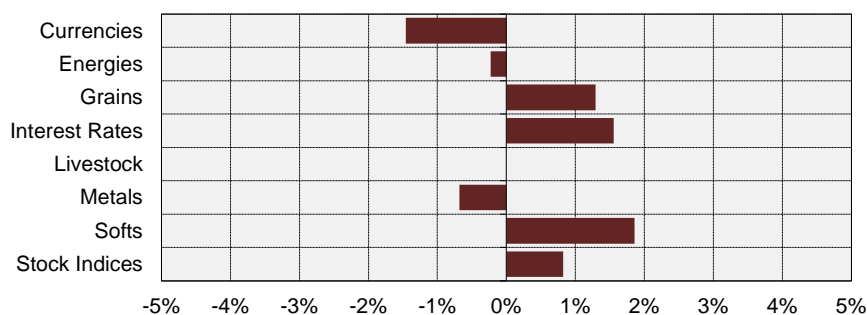
The investment objective of the program is to deliver annualized double digit returns over a three to five year period and a diversification benefit that provides low correlation to traditional equity, bond, and real estate investments. Acorn applies highly disciplined, adaptable and proven strategies to a large portfolio of liquid futures, equities and options as well as currencies.

**Monthly Performance**

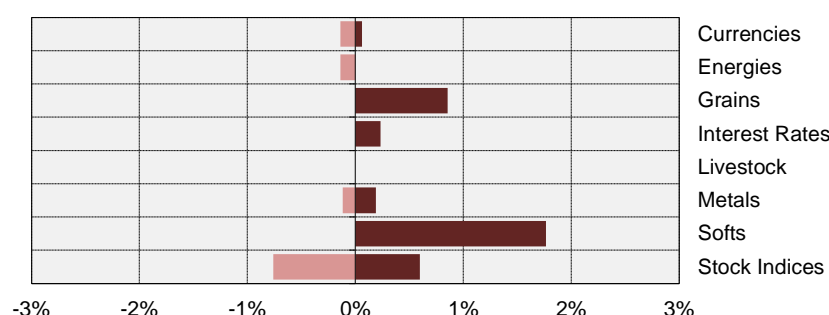
Class A Master Series of the Acorn Diversified Trust (July 2005 - November 2008 - see disclaimer)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2011	-2.18%	2.57%	-1.81%	6.18%	-3.02%	-7.01%	4.15%	<b>3.16% e</b>					<b>1.35%</b>
2010	-3.72%	-0.70%	2.65%	-2.82%	2.34%	2.02%	-1.25%	5.84%	2.93%	2.74%	-2.45%	7.48%	<b>15.37%</b>
2009	----	----	----	----	----	----	-4.32%	2.89%	1.00%	-2.08%	-5.50%	2.21%	<b>-5.96%</b>
2008	11.76%	12.10%	3.98%	-2.38%	-3.21%	7.08%	2.02%	-1.81%	-11.64%	5.25%	-0.38%	----	<b>22.32%</b>
2007	2.10%	-4.43%	-4.28%	4.21%	1.33%	2.50%	-4.35%	1.85%	12.07%	1.44%	6.73%	-0.44%	<b>18.97%</b>
2006	8.46%	0.27%	7.04%	3.78%	-5.78%	-4.32%	-13.80%	-0.86%	2.94%	4.80%	3.33%	3.03%	<b>6.89%</b>
2005							2.39%	4.17%	1.59%	-7.02%	6.98%	7.09%	<b>15.42%</b>

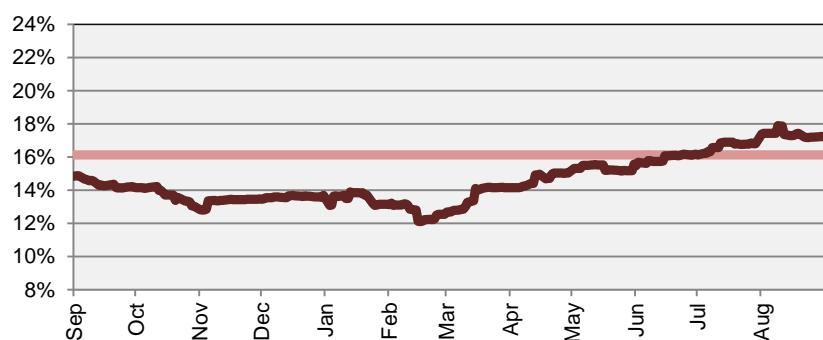
**Sector Returns**



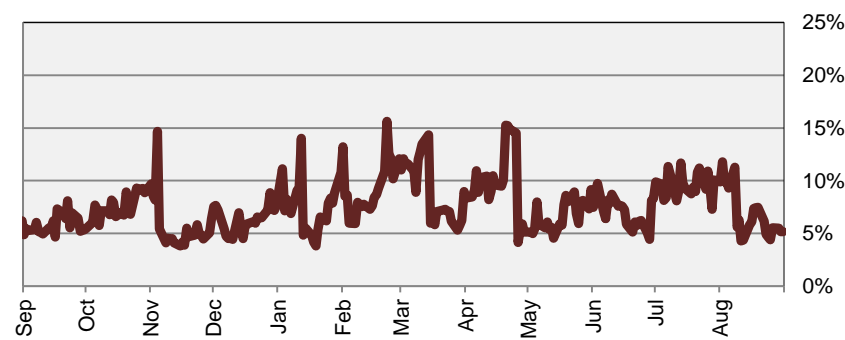
**Sector Exposures**



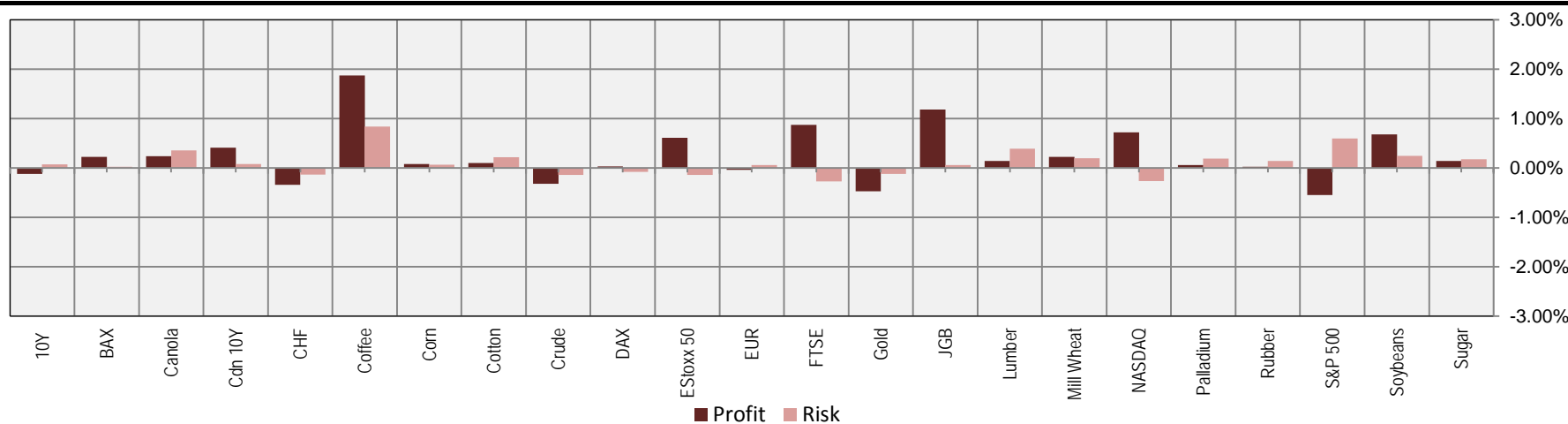
**Portfolio Volatility\***



**Portfolio Exposure\***



**Open Position P&L and Risk**



**Program Information**

Min Investment: \$10,000  
 Management Fee: 2%  
 Performance Fee: 20%  
 Current Assets: \$27M

**Manager Activity (90 Days)**

Subscriptions: Yes  
 Redemptions: No  
 Net Investment: Positive

**Service Providers:**

Admin: CIBC Mellon  
 Auditor: KPMG  
 Legal: Fasken Martineau  
 Brokers: Newedge, IB

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## **Disclaimer**

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\*The portfolio volatility and portfolio exposure charts are generated by our trading system and include historical simulation values to provide context.

## **Relationship Disclosure Information**

To comply with National Instrument 31-103 – Registration Requirements and Exemptions (NI 31-103), we have posted our Relationship Disclosure document to the website. To review this document, please click here:

[www.acorn.ca/AcornRelationshipDisclosure.pdf](http://www.acorn.ca/AcornRelationshipDisclosure.pdf)