

# NEMROD DIVERSIFIED HOLDINGS LIMITED

Multi Strategy Fund of Hedge Funds – Guernsey based open-ended investment company

JANUARY 2006

## Monthly Comment

Capital markets had a strong month in January despite significant volatility due to economic and geopolitical concerns. Best performing equity markets included Emerging markets, US small caps and Asia. Japanese equities finished positively despite a significant mid-month tumble. European equity markets also finished positively with the CAC 40 up nearly 5%. US indices rose despite mixed economic and earnings news.

Strong fundamentals and increased investor interest continued to drive metal and energy prices higher. Major currencies were relatively quiet during the month, with some weakening of the US dollar. Alan Greenspan handed the mantle over to Ben Bernanke after presiding over his final Federal Reserve meeting and completing a fourteenth rate increase to 4.5%. The US fixed income curve is now flat to slightly inverted.

Nemrod Diversified is up 3.57% for the first month of the year. All strategies were positive. Top performers included Atticus, Drake, Clarium and SR Global. US small cap managers outperformed helped by favorable market momentum. Some managers voiced concern over short term overbought conditions in Emerging markets and Japan.

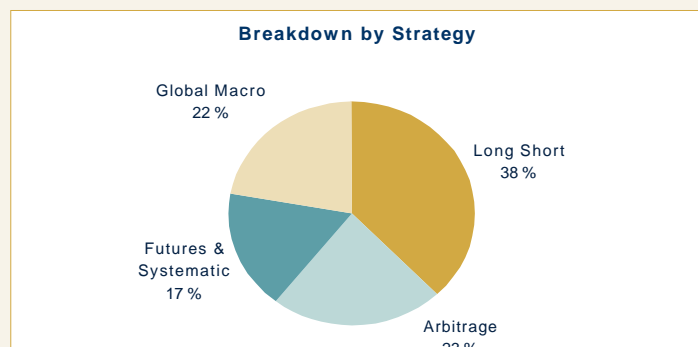
As of February 1<sup>st</sup> it is estimated that 700 hedge fund advisors will have registered with the U.S. Securities and Exchange Commission to comply with the new regulation. These require fund managers to furnish information to the SEC about their firm, to designate a chief compliance officer and be subject to periodic audits. Fund managers can avoid registration by imposing two-year lockups. This change, while significant, should not have a material effect on our portfolio.

## Net Returns in %

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2006	3.57												3.57
2005	-0.38	1.47	-0.60	-2.07	1.01	1.75	2.00	0.03	2.58	-1.81	2.07	2.05	8.25
2004	1.61	1.79	0.06	-0.96	-0.71	-0.01	-0.84	-0.13	0.68	1.47	3.44	1.85	8.46
2003	0.47	-0.67	-0.42	0.98	1.67	0.12	-0.26	0.56	1.07	1.31	0.63	1.89	7.55
2002	0.50	0.68	-0.03	1.43	1.06	0.84	0.04	0.83	0.25	-1.13	-0.57	1.24	5.25
2001	1.16	1.90	2.34	0.09	2.00	1.61	0.36	1.19	0.55	0.74	-0.41	1.83	14.16
2000	1.34	7.90	-0.64	-2.09	0.65	1.59	1.37	2.36	0.63	1.49	2.35	4.47	23.24

The fund started in 1994

## Allocation



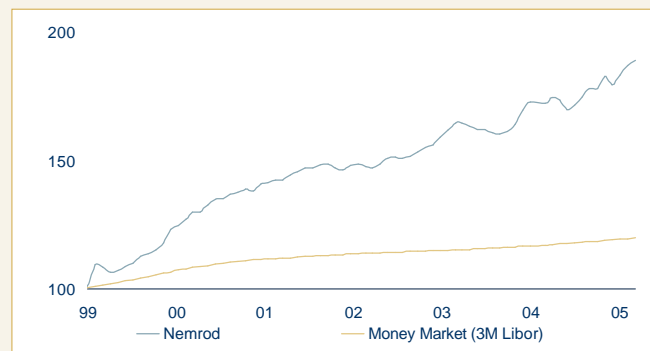
## Investment Policy

**Objective** Provide positive annual returns with low volatility in all market environments.

**Portfolio Construction** Assets are allocated to experienced managers that seek to achieve positive returns showing little or low correlation with financial markets. Investments are made in a number of existing alternative strategies so as to diversify risk.

➤	<b>Total Assets :</b>	\$ 511 696 147.66
➤	Number of shares :	174 727.457
➤	<b>Net Asset Value :</b>	\$ 2 928.54
➤	<b>Monthly Return :</b>	3.57%
➤	Year To Date Return :	3.57%

## CUMULATIVE RETURNS



## PERFORMANCE AS OF 31-01-06 (%)

	Since 01/2000
Annualised Perf.	1.47
Annualised Volatility	5.18
Sharpe Ratio (Risk Free 2,5%)	1.83
Average Month	0.92
Maximum Drawdown	-2.72

## LARGEST HOLDINGS

Managers / Funds	Strategy	Weight
DE Shaw	Managed Future	5.7%
Caxton	Global Macro	5.2%
Moore Capital	Global Macro	4.8%
SR Global	Emerging Markets	3.8%
London Diversified	Global Macro	2.8%
King Street	Fixed Income Arbitrage	2.5%
Highbridge	Arbitrage Event Driven	2.2%
York	Event Driven	2.2%
Third Point	Long/Short Equity	2.1%
Partners	Long/Short Equity	2.0%

## Fund Facts

**Listing :** Luxembourg

**Regulation :** Guernsey

**Inception Date :** Jan 1994

**Currency :** \$

**Min. Initial Investment :** \$ 200,000 (Additional 20.000 \$)

**Subscriptions :** Monthly (Notice by 15th)

**Redemptions :** Monthly (Notice by 10th) subject to a gate

**Management Fees :** 2.0%

**Custodian :** HSBC Securities (Guernsey) Ltd

**Investment Manager :** Blackpoint Management Ltd Guernsey

**ISIN Code :** GB0030035017

**Bloomberg Code :** ROTNEMI

**Reuter Code :** NMRD.LU