

**MARKETFIELD ASSET MANAGEMENT**  
**2011 MEDIA AND THEMATIC REVIEW**

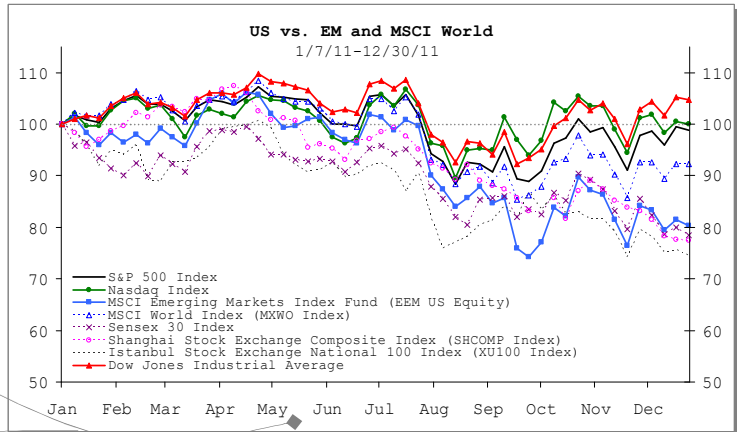
**JANUARY 2012**



# The EM Tightening and its Effects

"The distinctions between economic and market conditions accounts for our continuing regard for developed market stocks even in the face of a cautious view of emerging markets. We are concerned about emerging market securities precisely because many of the local economies are showing signs of overheating. We expect nominal demand to remain relatively strong even as rates rise and security markets feel the effects."

~Year-End Commentary 2010, 01/12/11



"Underlying economic conditions in the developing world are not as robust as common belief holds. Their wonderful historical performance looks to be at risk." "As with the commodity markets, we believe that the fundamentals in emerging markets are now driven largely by investment flows. Recent increases in volumes of equity and fixed income issuance in these markets have the potential to absorb more of the available inflows at the expense of general security prices. If recent poor performance in many emerging market equity markets continues, retail flows toward funds and ETF's may continue to recede. The process has the potential to become self-reinforcing, and represents a major risk to growth in those economies."

~May 2011 Fact Sheet & Commentary, 06/06/11

On April 2011 we wrote an article for the Brazilian newswire *Agencia Estado*, critiquing the adoption by some Emerging Markets Central Banks of 'macro prudential monetary policies.' We contended that the combination of Central Bank activity targeted at areas with the most capital flows and the obsolescence of commonly used economical models under the alternative regime, would be quite a harmful for local asset prices.

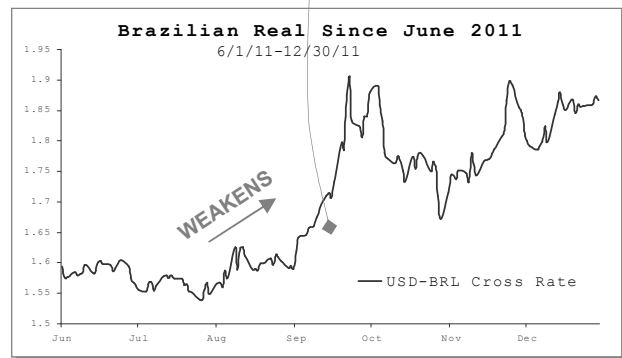
"The Problem with Prudence", M. Shaoul (published by *Agencia Estado* on 04/20/11)

"Interestingly the Turkish Lira (TRY) has yet to break decisively above resistance at 1.60, which suggests that most of the selling has been by local investors. We doubt that this will continue to be the case, and any additional drawdown in equities should start to be matched by currency weakness."

~M. Shaoul (*Daily Speculator*), 02/24/11

"Although Brazil's interest rates remain high after this cut [SELIC], their direction is clearly lower on a much more rapid trajectory than the market had anticipated. The BRL had stopped making progress against the USD for most of the last four months and may now actually start to show signs of weakness going forward."

~M. Shaoul (*Daily Speculator*), 09/01/11





# Overperformance of US Stocks

"Western central banks, particularly the Federal Reserve, have clearly committed to policies where the short end of the yield curve is going to be suppressed at remarkably low levels for 'an extended period.' This has the practical effect of punishing savers and those holding safe, liquid assets, of which there are trillions of dollars sitting around the world. The disadvantages being imposed on savers are counterbalanced by advantages being granted to the users of short term or variable rate debt capital. In the current global economy, the vast majority of these advantaged borrowers are large, publicly traded, G-7 companies. Most of the best ones happen to be domiciled in the United States (...) The easiest way for members of the investing public to take advantage of that imbalance is to own stocks."

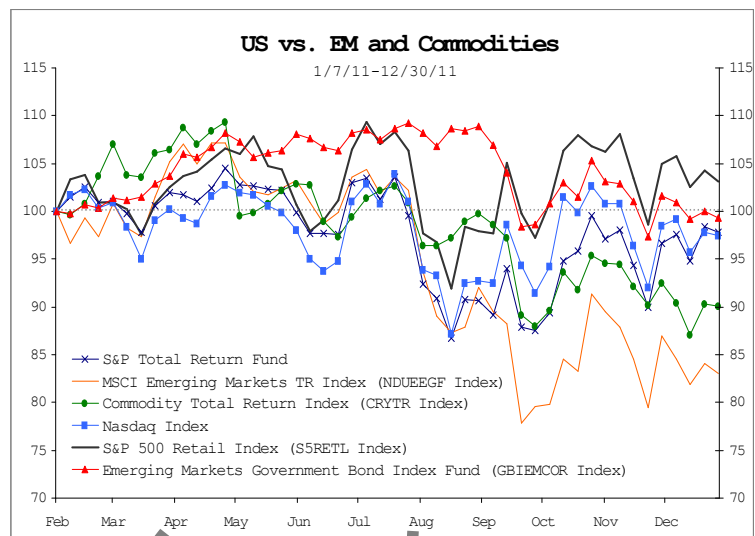
~Year-End Commentary 2010, 01/12/11

"(...) I think the US probably is going to be more or less a safe haven, particularly the sort of bread-and-butter, large-cap US names."

~ Bloomberg Interview with M. Aronstein, 01/19/11

"This has become the pretty much the cheapest major economy on earth. If you looked at the cost of somebody who was spending Yen or Swiss Francs or Euros to buy property in the United States or to own an office building or rent office space or create a factory, we're priced now almost like an emerging market economy was eight years ago..."

~ Bloomberg Interview with M. Aronstein, 03/16/11



Matt Miller – " [Does the US] look better relative to other markets?" M. Aronstein – "Yes, I think our markets definitely do because the monetary cycles around the world are asynchronous right now. You have the developing markets (...) much more concerned about inflation and with very, very tight and tightening central bank policy. The yield curve, in effect, in India is inverted at this point, and you still have our Federal Reserve treating the US economy as though it's on the brink of another recession."

~ Bloomberg Interview with M. Aronstein, 03/25/11

"Although we remain constructively disposed towards the market in the medium to long term there are enough macro cross winds to warrant some caution. On the other hand, the list of stocks and sectors that we would happily accumulate on weakness is growing with each daily set of earnings, which yet again look set to comfortably beat street expectations overall. In terms of the indexes we follow, we note that the NDX index is far closer to breaking out to a new recovery high than the other two broader indexes."

~ M. Shaoul (Weekly Speculator), 07/21/11

"We remain well disposed to the US retail sector despite its inevitable participation in the current correction. We believe it will come out of this episode intact and with a number of new supporters drawn to this sector by the strong 'bottom up' metrics being released."

~M. Shaoul (Daily Speculator), 08/12/11



# The Financial Sector: Good Old Days are Gone

"Our short positions are focused on Emerging Markets and developed market financial institutions with significant exposures to Emerging Markets credit and legacy cost structures that will impair profitability as regulatory strictures limit the range of their more highly compensated employees."

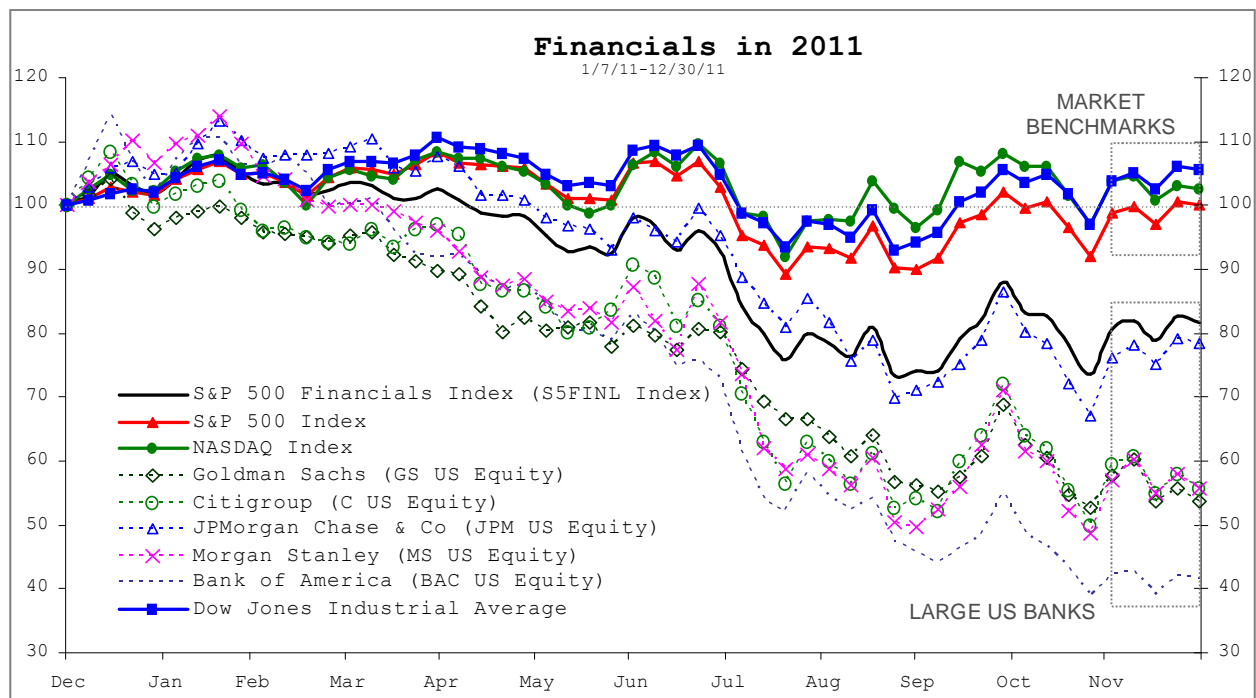
~Year-End Commentary 2010, 01/12/11

"The idea that you can manage what is a tremendously conflicted array of relationships is ridiculous."

~M. Aronstein, "Goldman Model Championed by Blankfein Planted Seeds of Distress" Bloomberg, 02/24/11

"[I]f you do a bottom-up analysis of the banking sector, it still looks horrible. I mean, that is an industry which has massive regulatory pressure put upon it. It still has the overhang of the mistakes it made over the last 10 to 15 years, and I think the banks are going to miss the next cycle."

~ Bloomberg Interview with M. Shaoul, 07/11/11



Ken Prewitt – "Citi is up 5% and Bank of America is up 5.1% here early in the trade today. So the sentiment is completely changed now on banking?" M. Aronstein – "You know, it's a typical snapback of something that's been really, really sold into the void and I think the banking sector has got long-term problems. This is not news to suggest this now, but they're going to have a very hard time making money over the next decade to any extent that makes them exciting stocks. I don't think anybody's going out of business."

~ Bloomberg Interview with M. Aronstein, 08/12/11



# Commodities: An Overstretched Trade

"[Y]ou've got a lot of investment and speculative money pushed into the commodity space now. It's been prompted partially, this leg, by the Quantitative Easing policy and partially by, I think, a 10-year trend that people have recognized, and it's led to a lot of institutional allocations."

~ Bloomberg Interview with M. Aronstein, 03/03/11

"Commodities are at the start of a bear market that may last as long as five to 10 years", said Michael Aronstein, the president of Marketfield Asset Management in New York, who correctly predicted the 2008 slump that drove the benchmark index down 66 percent in seven months. "The scale of investment means supply and demand is almost meaningless."

~"Goldman Sees Commodity Recovery as Slump Erases \$99 Billion" Bloomberg, 05/10/11.

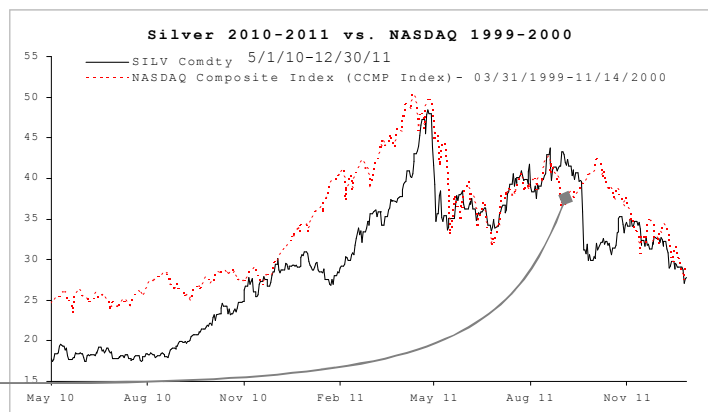
"(...) I think this time around, emerging markets and commodities really started together in the early 2000's and my assumption would be that they will end together."

~ Bloomberg Interview with M. Shaoul, 05/24/11



"Interestingly, a comparison of silver's 2011 performance to that of the NDX index in 2000 still holds up nicely and this guide suggests that silver could be expected to decline to around \$35 around the current time, then enjoy one last bounce of support before commencing a much more serious (terminal) decline a few weeks later."

~M. Shaoul (Daily Speculator), 09/12/11





## Disclosures

### Marketfield Asset Management, LLC

Annual total returns as of 3/31/2012:

As of 3/31/2012	1 Month	YTD	1 Year	Since Inception Annualized (7/31/2007)	Since Inception Cumulative (7/31/2007)
<b>MFLDX</b>	<b>+3.31%</b>	<b>+6.78%</b>	<b>+9.35%</b>	<b>+9.08%</b>	<b>+50.06%</b>
<b>S&amp;P 500</b>	<b>+3.29%</b>	<b>+12.59%</b>	<b>+8.54%</b>	<b>+1.52%</b>	<b>+7.28%</b>

Gross Expense Ratio: 2.43%

\*Net Expense Ratio: 2.54%

\*\*Operating Expense Cap: 1.75%

\* *The net expense ratio includes dividends and interest expense on short positions, & the recoupment of previously waived expenses.*

\*\* *The Adviser has agreed to waive its management fees and/or to reimburse expenses of the Fund to ensure that total Annual Fund Operating Expenses (exclusive of taxes, leverage, interest, brokerage commissions, expenses incurred in connection with any merger or reorganization, dividends on short positions, acquired fund fees and expenses and extraordinary or non-recurring expenses, such as litigation) do not exceed 1.75% of the Fund's average annual net assets, at least through August 31, 2012 and for an indefinite period thereafter.*

*Performance reflects the reinvestment of dividends and other earnings and is net of advisory fees. Performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance of the fund may be lower or higher than the performance quoted. Performance data current to the most recent month end may be obtained by calling (888) 236-4298. The Fund imposes a redemption fee of 1.00% for shares held 60 days or less. Performance data quoted does not reflect the redemption fee. If reflected, total return would be reduced.*

The opinions expressed are those of Michael Aronstein and/or the author and should not be considered a forecast of future events, a guarantee of future results nor investment advice.



As of 3/31/2012, the top 10 portfolio holdings and ownership as a % of the portfolio were:

W.W. Grainger Inc. ....	2.79%
BASF SE (Germany) .....	2.36%
Priceline.com Inc. ....	2.33%
Google Inc. ....	2.15%
iShares MSCI Mexico .....	2.03%
Wolseley PLC (U.K.) .....	1.91%
Fast Retailing Co. Ltd. (Japan).....	1.88%
Teradata Corp. ....	1.87%
USG Corp. ....	1.84%
iShares Dow Jones Transport Avg. ETF .....	1.82%
TOTAL: .....	20.98%

Fund holdings and/or sector allocations are subject to change and are not recommendations to buy or sell any security. While the fund is no-load, management fees and other expenses still apply.

**Current and future portfolio holdings are subject to risk.**

The S&P 500 Index (SPX) is a broad-based unmanaged index of 500 stocks, which is widely recognized as representative of the equity market in general. The securities holdings and volatility of the Fund differ significantly from the stocks that make up the SPX. You cannot invest directly in an index.

**Diversification does not assure a profit or protect against loss in a declining market.**

***Must be preceded or accompanied by a prospectus.***

**Mutual fund investing involves risk. Principal loss is possible. The Fund invests in smaller companies, which involve additional risks such as limited liquidity and greater volatility. The Fund invests in foreign securities which involve greater volatility and political, economic and currency risks and differences in accounting methods. These risks are greater for investments in emerging markets. Investments in debt securities typically decrease in value when interest rates rise. This risk is usually greater for longer-term debt securities. Investment by the Fund in lower-rated and non-rated securities presents a greater risk of loss to principal and interest than higher-rated securities. Investments in asset-backed and mortgage-backed securities involve additional risks such as credit risk, prepayment risk, possible illiquidity and default, and increased susceptibility to adverse economic developments. The Fund regularly makes short sales of securities, which involves the risk that losses may exceed the original amount invested, however a mutual fund investor's risk is limited to the amount invested in a fund. The Fund may also use options and futures contracts, which have the risks of unlimited losses of the underlying holdings due to unanticipated market movements and failure to correctly predict the direction of securities prices, interest rates and currency exchange rates. The investment in options is not suitable for all investors.**

**Because the fund invests in ETFs, it is subject to additional risks that do not apply to conventional mutual funds, including the risks that the market price of an ETF's shares may trade at a discount to its net asset value ("NAV"), an active secondary trading market may not develop or be maintained, or trading may be halted by the exchange in which they trade, which may impact a fund's ability to sell its shares.**

The Marketfield Fund is distributed by Quasar Distributors, LLC



### **Terms used in this presentation:**

**INDU Index-** The Dow Jones Industrial Average is a price-weighted average of 30 blue-chip stocks that are generally the leaders in their industry. It has been a widely followed indicator of the stock market since October 1, 1928.

**MXEF Index-** The MSCI Emerging Markets Index is a capitalization weighted index that monitors the performance of stocks from emerging market countries.

**MXWO Index-** The MSCI World Index is a capitalization weighted index that monitors the performance of stocks from around the world.

**SENSEX Index-** The BSE India Sensitive Index (Sensex) is a cap-weighted index. The selection of the index members has been made on the basis of liquidity, depth, and floating-stock-adjustment depth and industry representation.

**SHCOMP Index-** The Shanghai Stock Exchange Composite Index is a capitalization-weighted index. The index tracks the daily price performance of all A-shares and B-shares listed on the Shanghai Stock Exchange.

**XU100 Index-** The Istanbul Stock Exchange National 100 Index is a capitalization-weighted index composed of National Market companies except investment trusts. The constituents of the ISE National 100 Index are selected on the basis of pre-determined criteria directed for the companies to be included in the indices.

**NDX Index-** The NASDAQ-100 Index is a modified capitalization-weighted index of the 100 largest and most active non-financial domestic and international issues listed on the NASDAQ.

**CRYTR Index-** The RJ/CRB Total Return Index is the Total Return Index for the RJ/CRB Commodity Price Index.

**GBIEMCOR Index-** JP Morgan Government Bond Index Emerging Markets Global Core S5FINL Index- Standard and Poor's 500 Financials Index is a capitalization-weighted index. The parent index is SPXL1. This is a GICS Level 1 Sector group.

**CRY Index-** The TR/J CRB Commodity Excess Return Index is an arithmetic average of commodity futures prices with monthly rebalancing.

**S5FINL Index-** Standard and Poor's 500 Financials Index is a capitalization-weighted index. The parent index is SPXL1. This is a GICS Level 1 Sector group.

**S5RETL Index-** Standard and Poor's 500 Retailing Index is a capitalization-weighted index. The index was developed with a base level of 10 for the 1941-43 base periods The parent index is SPXL2. This is a GICS Level 2 Industry group.

## Disclaimer

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