



Athena Capital Group

Athena Managed Forex Account

"an alternative way to diversify risk in a volatile market"

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Introduction to Athena Capital Group

Athena Capital Group was established to meet a demand from investors to achieve moderate but consistent returns on their capital, but without the risk and volatility seen in recent times of more traditional asset classes such as equities, bonds, commodities and real estate.

The emphasis of Athena Capital's investment strategy is to provide consistent returns for investors, irrespective of the general economic climate. This is achieved through investing in a diversified portfolio of currencies. An investment in a currency fund is becoming an important component of well-diversified portfolios, as investors recognize the benefits of broad, global exposure to many different economies. The investment objective of Athena Capital Group is to achieve consistent capital appreciation over a medium to long term investment horizon.



Foreign Currency as an Asset Class: New Opportunities in a Changing Economic Climate

During the course of 2008 and 2009, the investment climate changed dramatically. From 2003 to 2007 investors made money just by waking up in the morning. The stock market was booming, oil prices were rising, and the world economy was expanding rapidly, fuelled by low interest rates, cheap credit and a huge demand from China. Real estate prices also surged – it seemed that an investment in property was a guaranteed way to become a millionaire – you didn't even need the cash to purchase the property, as the banks were there to lend you the money!

Then came the so called 'credit crunch', the collapse of the property market in the US, which quickly spread over to Europe and the rest of the world. Then the collapse of dozens of banks and a freezing up of credit. Stock markets around the world crashed, and commodity prices collapsed as economic growth in China slowed to a near standstill. Oil prices fell from a peak of \$147 a barrel on July 11, 2008, to a low of \$34 less than six months later.

Lessons to be Learned: Diversify Your Portfolio in a Volatile Market

So, what is the situation two years later? The world's economies are still in recession, and unemployment throughout the Western world is at its highest for a generation - the US unemployment rate is currently 10%, the highest rate since 1983. Equity markets have partially recovered, but only as a result of the world's central banks having printed money prolifically in an attempt to reflate the global economy and head off a global depression. The state of public finances has deteriorated significantly, as a result of having to pump trillions of dollars into the economy and to prevent a collapse of the banking system. Central bank and government intervention in the financial system is here to stay, at the very least in the form of increased regulation. Therefore, risk remains high in the marketplace, across all traditional asset classes.

And what does this mean for investors? Well, if there is one lesson to be learnt, then it is the continued need for diversification, and the introduction of foreign exchange as a unique asset class is a beneficial addition into any portfolio.



The Benefits of Investing in a Currency Fund

Reduce Risk by Increasing Diversification

Diversification has always been a crucial element of portfolio management, and this has become increasingly evident in light of the recent market turmoil. As we have seen, traditional asset classes generally move in the same direction simultaneously – ie they were highly correlated.

Equities, commodities, real estate – all moved up in tandem together as the global economy expanded on cheap credit – and all plummeted in tandem in spectacular fashion as the markets crashed in 2008 and early 2009. As a result, investors had few options to protect themselves against the downside. Thus today, more than at any other time, there is a strong argument to add uncorrelated assets to an investment portfolio.

	Currency Correlation with US Indices ¹		
	Dow Jones	S&P 500	US Bond Index ²
Dollar Index ³	0.051	0.036	-0.133

A correlation of -1.00 means that the two indexes move in direct inverse to one another; a correlation of +1.00 means that the indexes move in parallel to one another; a correlation of zero means that the indexes have no correlation.

As can be seen from the above table, using the Dollar Index as a proxy for the currency asset class, currencies maintain a very low correlation to every other investment - including equity markets, bond markets, and commodity markets - thereby affording our clients greater overall diversification and reduced portfolio risk.

Currency Funds: Outperforming Traditional Investment Funds

As well as the benefits of diversification and reduced portfolio risk that an investment in a currency fund can offer, there is increasing evidence that currency funds are outperforming traditional investment funds.

Reuters recently reported⁴ that the more than 200 currency funds grouped in the Lipper UK Offshore-Currency benchmarks delivered aggregate returns of 15.6 percent over the last 12 months and almost 28 percent over the last 3 years. That compares with an aggregate 12 month fall of 40.71 percent in funds in Lipper's global equity benchmark, and a fall of 32 percent over three years.

¹ All calculations for the period 31/12/1990 to 31/12/2009

² JP Morgan U.S. Aggregate Bond Index

³ The US Dollar Index (USDX) is a trade weighted geometric average of the US Dollar's value compared to a basket of six major global currencies (Euro, Japanese Yen, British Pound, Canadian Dollar, Swedish Krona, Swiss Franc), and set by the New York Board of Trade.

⁴ <http://www.reuters.com/article/idUSLU94501620090430>



A Liquid Market

In addition to this, a currency fund avoids a lot of potential problems that traditional investment funds face when there are liquidity problems, as we saw during the height of the recent banking crisis. The currency market is highly liquid – in excess of \$3 trillion is traded every day (compared with approximately \$500 billion on the New York Stock Exchange). The Athena Managed Forex Account only invests in the spot currency market, and in the event of significant market turmoil, it can easily liquidate any position it holds very quickly, and at a very low transaction cost.

Investment Transparency and Safety of Funds

One of the most important concerns which needed to be addressed when structuring the Athena Managed Forex Account was a reluctance on the part of investors in investing their money in any investment product, irrespective of asset class, after the recent investment fund frauds, such as the recent Madoff case.

During the recent economic crisis, there were a group of investors who thought they were immune to all the problems affecting the global markets. They had invested in a fund called xxx, with a renowned Wall Street investment manager called Bernard Madoff. Each month they received a brief report, and a piece of paper, stating how much their investment had increased by. It appeared that Mr Madoff had the Midas touch, and was making money whilst everyone else was losing money left, right and centre.

However, on one day in December 2008, it emerged that Mr Madoff was no financial wizard, but a fraud, who had lost billions of dollars on the stock market, and had been lying to his investors about these losses. The investment 'reports' had been fabricated for many years, and clients lost nearly all of their investment.

Therefore, Athena Capital Group have structured an investment fund which puts the control back into the hands of the investor – all clients get direct, online access to their investment account, 24 hours a day, and can withdraw their funds at any time.



The Athena Managed Forex Account: A Unique Investment Opportunity

Athena Capital Group have sought to structure an investment fund which addresses all the challenges which investors face today. The Athena Managed Forex Account provides investors with a low risk investment, competitive charges, aims to make absolute, positive returns irrespective of market conditions, offers immediate access to capital, and safety of their investment.

Investment Objective

A key feature of the Athena Managed Forex Account is that it seeks to generate positive absolute returns by investing in foreign currencies. An absolute return means a positive return over time, irrespective of prevailing market conditions. The fund will seek to achieve this by maintaining a well diversified exposure across a number of currencies.

Currency markets are highly liquid, transparent, constantly traded markets, which make them ideal for the management of absolute return funds. To generate these returns, Athena Capital Group will seek to exploit the different characteristics and trends it has observed in the currency market, and profit from them accordingly.

Investment Process

Similar to investment funds which invest in traditional asset classes, such as the equity and bond markets, Athena Capital Group seek to profit from the currency markets by employing a variety of approaches and strategies. However, unlike the equity and bond markets, there are some characteristics of the foreign exchange market which create inherent market inefficiencies, and create opportunities for profit making.

As opposed to the stock market, where the vast majority of participants are seeking to make a profit, there are many entities operating in the currency market whose primary motivation is not to seek a profit. For example, multi-national corporations may contract to buy or sell currencies for the primary reason of hedging against currency risk on future earnings or expenses. Governments too, are active in the currency market as they manage their currency reserves. Even tourists are active currency market participants.

These market characteristics may lead to market inefficiencies and therefore create profit opportunities. Athena Capital Group actively seek out these opportunities, and seek to provide investors with consistently profitable returns over a medium to long term investment horizon.

Investment Transparency

Athena Capital Group places a high degree of emphasis on providing investors with investment security, account transparency, and access to their money on a daily basis. Investors are able to monitor their accounts in real time and can view current trading positions, account balances, and all other account activity.



Athena Capital's Brokerage Partners

We clear all our trades for the Athena Managed Forex Account through European based currency brokers, where a client's funds are held in segregated accounts, at fully regulated banks. Because of the regulated nature of foreign currency trading, the particular broker we use will depend on the individual investor's country of residence. For further details of our current brokers, please contact us at info@athenamangedforex.com.

Third Party Custody Of Assets

Knowing that your money is safe is of the utmost concern for an investor. Traditional hedge funds have long operated as opaque, secretive institutions, where transparency is often limited to monthly paper statements, making the potential for fraud, as in the Madoff case, a significant concern.

Athena Capital Group has no direct access to your capital, and are only authorized to trade your account and collect agreed upon fees. This provides a vital safeguard for the investor and can successfully mitigate the possibility of investment fraud.

In practice, the investment process operates as follows:

- the client will open an account directly with the forex broker;
- the client makes an investment in the Athena Managed Forex Account by sending funds directly by wire transfer to the broker;
- Athena Capital Group will commence trading on the account;
- the client can access his account balance online 24 hours a day;
- the client can withdraw part or all of his investment at any time, with no penalty.

Access to Funds

At Athena Capital Group, we believe that investors should never be denied access to their funds. Unlike most investment funds, our clients enjoy daily liquidity, and can withdraw part or all of their investment at any time, with no penalty. Although we advise clients to invest for the long term, we understand the importance of instant access to funds, especially in today's markets.

Capital Protection

All investments in the Athena Managed Forex Account have a built in capital protection of a minimum of 80% of the total amount invested. In the event that the level of equity of an investment falls below this level, trading on the account is automatically suspended, and the funds transferred back to the investor. This offers a level of protection to an investor's initial capital, and also helps to lock in profits made on the investment.

To illustrate how this works in practice, let us take an example where an investor invests \$100,000.

If, for example the value of the investment rises to \$120,000, then the level of protection rises to

80% of this balance, ie \$96,000 ($0.8 \times 120,000$). If, subsequently, the value of the investment drops



to \$96,000, then trading on the account automatically is suspended, and the funds returned to the investor.

This method of capital protection ensures that profits are preserved, and reduces the overall volatility of the investment.

Performance Fee

As is common with most investment funds of this type, Athena Capital Group will retain a 25% Performance Fee – ie a 25% share of all profits earned on the investment, subject to a 'high watermark'.

Unlike many other forms of collective investment schemes, there is no entry fee, nor is there an annual administration charge.

High Watermark Calculation

The implementation of a 'high watermark' means that Athena Capital Group will only receive a Performance Fee when the value of a client's investment is greater than its previous greatest value. Should the value of the investment subsequently drop in value then Athena Capital Group will only receive a Performance Fee again once the value of the investment has once again reached its greatest value.

Let us look at an example to illustrate how this works:

January 1, 2009 - Client invests \$100,000

February 1, 2009 - Investment has increased to \$105,000

Value: \$105,000

Profit: \$5,000

Performance Fee: \$1,250 (25% of \$5,000)

Closing balance: \$103,750

March 1, 2009 - Investment has decreased to \$103,000

Value: \$103,000

Loss: \$750

Performance Fee: \$0

Closing balance: \$103,000

April 1, 2009 - Investment has increased to \$104,750

Value: \$104,750

Profit: \$1,750

Performance Fee: \$0

NOTE: No Performance Fee is charged because the 'High Watermark' of \$105,000 has not been reached - as this is the highest value that the client's investment reached.

Closing balance: \$104,750



May 1, 2009 - Investment has increased to \$107,000

Value: \$107,000

Profit: \$2,250

Performance Fee: \$500 (25% of \$2,000)

NOTE: The performance fee is only charged on the profit in excess of the 'High Watermark', ie \$105,000.

Closing balance: \$106,500



Athena Managed Forex Account: Summary of the Key Features

Athena Managed Forex Account: Key Features

- Consistent, positive returns – no correlation to the stock markets
- No entry charges or annual fees.
- Flexible investment – withdraw your funds at any time with no penalty
- Funds held in segregated accounts, in regulated European Banks
- Low risk investment
- 25% Performance Fee payable to the Investment manager on any profits
- Capital protection built into investment
- Online reporting and account details available 24 hours a day
- Diversification benefits – perfect addition to a traditional portfolio



How to Invest in the Athena Managed Forex Account

There is a minimum investment requirement of \$10,000. Investors can invest either individually, or through an offshore company.

Account Opening Process

Investing in the Athena Managed Forex Account is a straightforward process, and involves completing the following steps:

Account Opening Process:

- Email us at info@athenamanagedforex.com, who will send you a brief questionnaire to complete.
- Upon receipt, we will send you the relevant links and documentation to enable you to open a brokerage account.
- When your account application has been processed (which normally takes less than 24 hours), you will be provided with a unique account number.
- Transfer funds by wire transfer to the bank account details provided by the forex broker.
- Within 48 hours, your account is live, Athena Capital can commence trading, and you can check your investment balance at any time.

Risk Factors

The following risk factors should be considered before making your investment decision. For all investments, the following factors need to be considered:

- Past performance is not necessarily a guide to future performance.
- If you have any doubts about the suitability of an investment, please contact a financial advisor. Please note that Athena Capital Group do not provide investment advice.
- Any investment in the Athena Managed Forex Account should be seen only as part of a balanced portfolio.
- The value of your initial investment may fall as well as rise and you may not get back the amount that you originally invested.
- The Athena Managed Forex Account invests in foreign currencies, and therefore changes in currency exchange rates will affect the value of a client's investment. Investing in foreign currencies may bear a greater risk than investing in domestic instruments for reasons such as volatility of currency exchange rates, and political and economic instability.



Further Information

For further information about the Athena Managed Forex Account, or for any further details contained in this prospectus, please feel free to drop us a line at info@athenamanagedforex.com. If you would like to speak with one of our team, just email us with your contact details, and the best time to call you, and we will be in touch shortly.