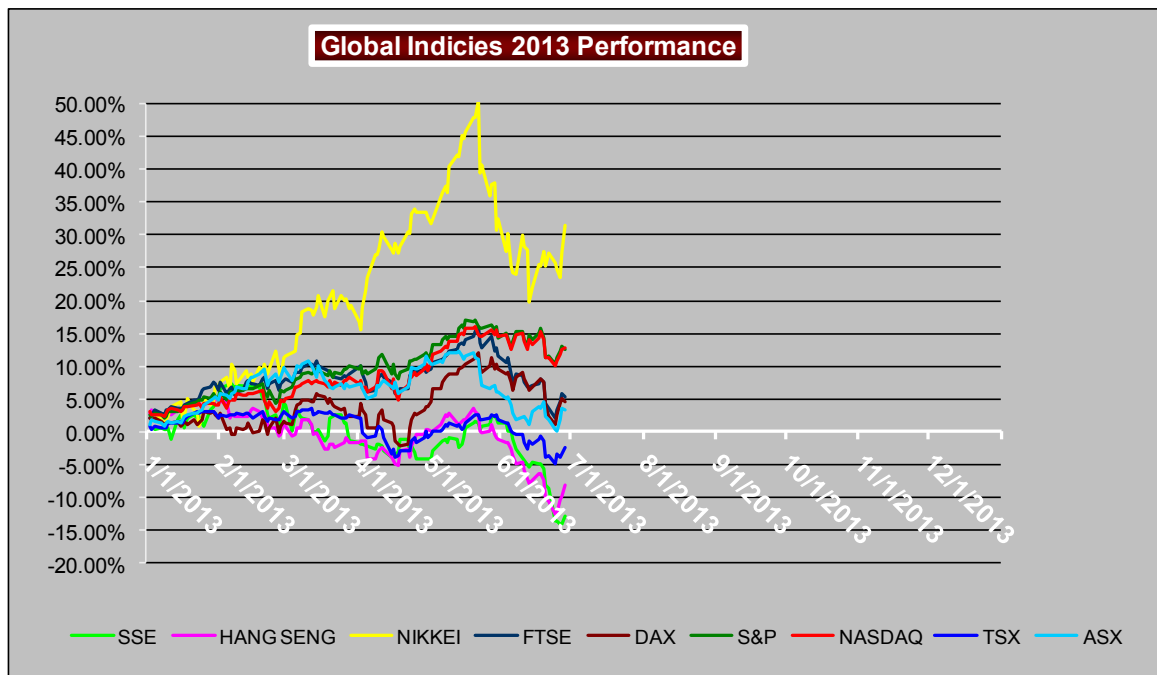


GDB July 2013 Newsletter

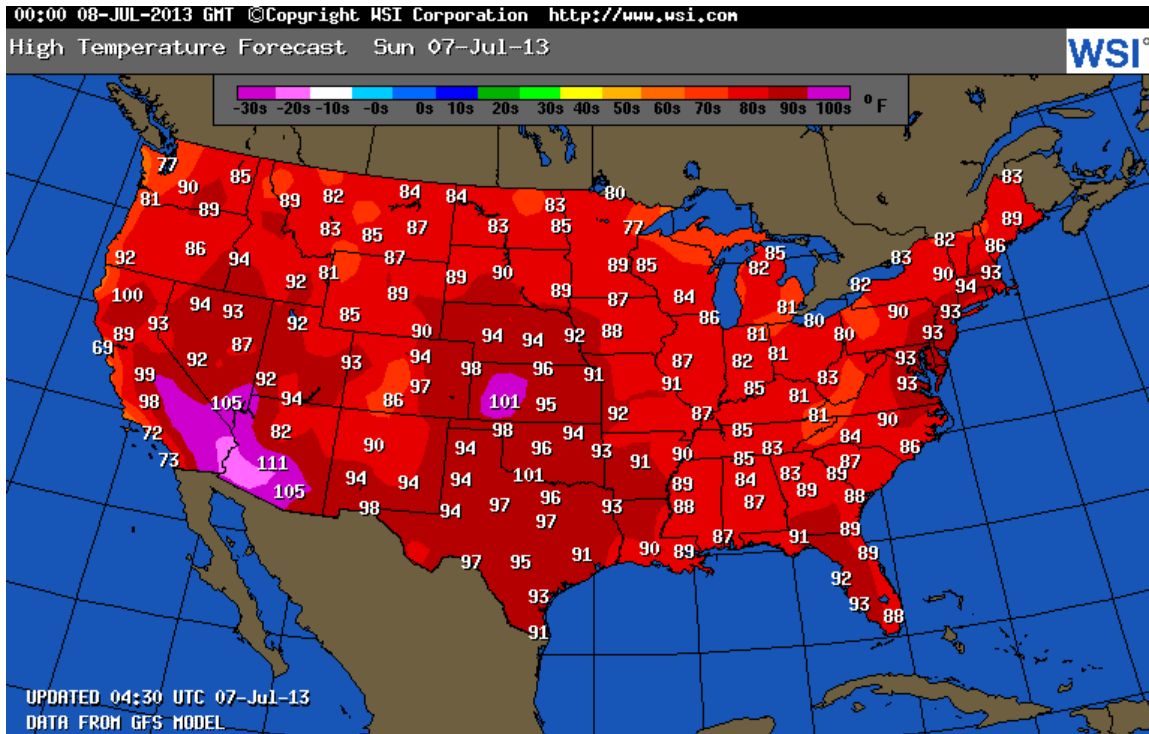
Monthly Market Summary:

2013 June Market Activity		
SSE COMPOSITE	<i>1,979.21</i>	-321.38 (-13.97%)
HANG SENG	<i>20,803.29</i>	-1,588.87 (-7.10%)
NIKKEI 225	<i>13,677.32</i>	-97.22 (-0.71%)
FTSE 100	<i>6,215.50</i>	-367.60 (-5.58%)
DAX	<i>7,959.22</i>	-389.62 (-4.67%)
DOW	<i>14,909.60</i>	-205.97 (-1.36%)
S&P 500	<i>1,606.28</i>	-24.46 (-1.50%)
NASDAQ COMPOSITE	<i>3,403.25</i>	-52.66 (-1.52%)
ASX 200	<i>4,802.60</i>	-124.00 (-2.52%)
TSX COMPOSITE	<i>12,129.10</i>	-521.30 (-4.12%)
TSX VENTURE	<i>881.40</i>	-81.01 (-8.42%)



Investment Themes:

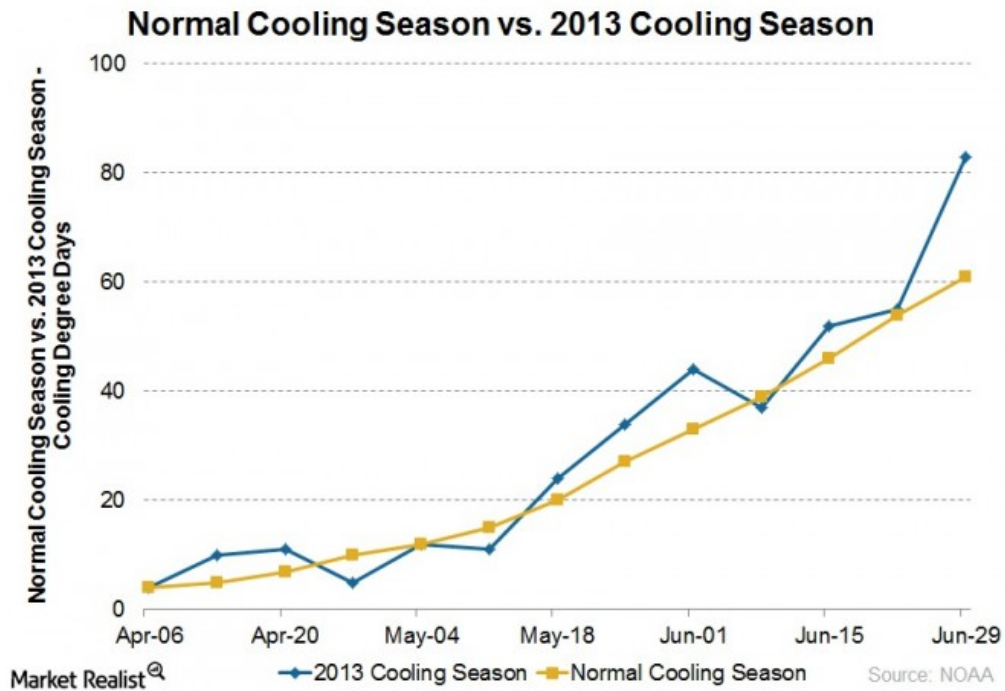
As summer rolls around the corner, the US southwest is experiencing record temperatures. In Arizona, temperature reached a record of 119 degrees Fahrenheit (48.3 degrees Celsius), surpassing the previous record of 117 degrees Fahrenheit ((47.2 degrees Celsius) set in 1994. Death Valley in California recorded temperature of 127 degrees Fahrenheit (52.8 degrees Celsius), close to the all time record of 134 Fahrenheit (56.7 Celsius). Over on the East coast, many states are also experiencing the first heat wave of the summer with temperatures surpassing 90 degrees Fahrenheit (32.2 degrees Celsius).



Scorching heat leads to higher demand for air conditioning which uses electricity. This is a positive catalyst for natural gas. Natural gas is a major fuel used in electricity generation. Therefore, the hotter than seasonal weather can increase natural gas usage and positively influence natural gas prices, which has pulled back recently from mid \$4 per million British thermal units (/MMBtu) to \$3.65/MMBtu.



Cooling Degree Days (CDD) is a unit used to relate the day's temperature to the energy demand for air conditioning. It is calculated by subtracting 65 from a day's average temperature. So far at the end of June, CDD is higher than the seasonal norm.



In 2012, when CDD totaled 1,311 (from May 5 to September 29), above the average of 1,079, natural gas prices rallied from ~\$2.30/MMbtu to ~\$3.30/MMbtu. If the correlation between CDD and natural gas prices holds true as it did in 2012, then we can expect a rise in natural gas from the current level as summer heats up.

On the supply side, natural gas production has been on the rise since the US shale gas revolution. Although many view the abundance in supply as a drag on natural gas prices, we want to point out that gas inventories are at 2.605 trillion cubic feet on June 28, 15.9% decline from a year ago and 1.1% less than the 5 year average. So if production remains the same and consumption start to increase, we may see a reversal in the current price correction.

There are two additional catalysts for higher natural gas prices in the current environment. Firstly, the White Houses' renewed push on climate change may spark higher demand for natural gas for power generation. President Obama recently gave a speech that unveiled a broad array of new initiatives to reduce carbon emissions and support alternative energy. According to many observers, these new regulations could lead to increased shift from coal power generation to natural gas. The Edison Electric Institute forecasts that power producers would retire about 20% of their existing coal plants in the next few years, replacing at least part of that with natural gas. Secondly, Mexican imports of US gas have skyrocketed 92% since 2008. With the collapse in gas prices in early 2008, Mexico's largest gas producer Petroleos Mexicanos, or Pemex has stopped a lot of its gas drilling activities (Pemex's gas production has fallen 15% from 2008 levels), and the government has made a strategic shift to import gas from its neighbor from the north to meet its domestic demand. On the demand side, while domestic production has been on the decline, domestic usage has soared 16.7%, owing much to fuel-switching by power plants. As a result, Mexico is now importing about 30% of its gas supply, about 2.1 billion cubic feet per day, or about 3% of total US gas production. To confirm the trend of gas flowing south, there are at least six new pipeline projects on the table aimed at sending more gas from US to Mexico.

Increased power generation from natural gas is shaping itself to create long-term favorable conditions for natural gas prices. Provided that US production does not increase significantly from current levels, we see limited downside and biased upside potential for price movement.

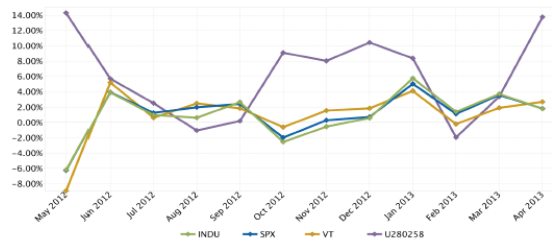
With oil price rising above \$100, we don't see natural gas prices staying at the current level for much too long.

Investment Opportunities:

1. Sino-GDB Fund

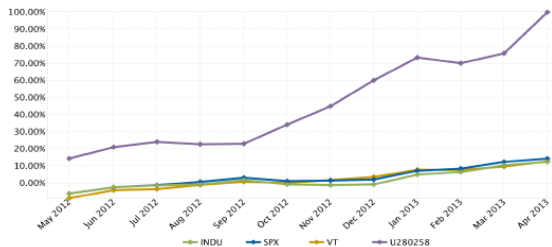
Fund managed by GDB Capital. Event-driven investments using hedging strategies and combinations of long/short positions in equities, futures, and commodities and their derivatives. Fund targets gross pre-tax IRR of 20% per annum, and returned 107% in 2012. Minimum investment US\$100,000. GDB will insure against investment losses up to 5% of investor’s original investment. Following are the benchmark comparisons of GDB Fund performance against the major US Indices.

Time Period Benchmark Comparison



Date	INDU	SPX	VT	UZ80258
May 2012	-6.21%	-6.27%	-8.93%	14.32%
Jun 2012	3.93%	3.96%	5.23%	5.73%
Jul 2012	1.00%	1.26%	0.63%	2.53%
Aug 2012	0.63%	1.98%	2.48%	-1.03%
Sep 2012	2.65%	2.42%	1.87%	0.18%
Oct 2012	-2.54%	-1.98%	-0.60%	9.12%
Nov 2012	-0.54%	0.28%	1.55%	8.03%
Dec 2012	0.60%	0.71%	1.86%	10.43%
Jan 2013	5.77%	5.04%	4.11%	8.38%
Feb 2013	1.40%	1.11%	-0.19%	-1.94%
Mar 2013	3.73%	3.60%	1.91%	3.37%
Apr 2013	1.79%	1.81%	2.68%	13.77%
Average	1.02%	1.16%	1.05%	6.07%

Cumulative Benchmark Comparison



Date	INDU	SPX	VT	UZ80258
May 2012	-6.21%	-6.27%	-8.93%	14.32%
Jun 2012	-2.52%	-2.56%	-4.17%	20.86%
Jul 2012	-1.55%	-1.33%	-3.56%	23.92%
Aug 2012	0.93%	0.62%	-1.17%	22.64%
Sep 2012	1.69%	3.06%	0.67%	22.86%
Oct 2012	-0.89%	1.02%	0.06%	34.07%
Nov 2012	-1.42%	1.31%	1.61%	44.84%
Dec 2012	-0.83%	2.02%	3.50%	59.94%
Jan 2013	4.90%	7.17%	7.76%	73.35%
Feb 2013	6.36%	8.35%	7.55%	69.98%
Mar 2013	10.32%	12.25%	9.60%	75.71%
Apr 2013	12.31%	14.28%	12.54%	99.90%
May 2012 to Apr 2013	12.31%	14.28%	12.54%	99.90%