



Newsletter – April 2009

BLACKHORSE EMERGING ENTERPRISES FUND

The Blackhorse Emerging Enterprises Fund (BEEF) seeks to provide investors with long-term capital appreciation by investing in Asia ex-Japan equities. BEEF is managed for absolute return and utilizes the Blackhorse research-focused methodology to capitalize on large anomalies present among small and mid-cap companies in Asia ex-Japan. The strategy incorporates an active cash decision for temporary defensive purposes, as well as the ability to leverage up to two times.

MANAGER

John Engle, CFA

GENERAL INFORMATION²

Management fee: 1.00%
 Performance fee: 15%
 Currency: US Dollar
 Min investment: US 100,000
 Subscription: Monthly
 Redemption: Monthly
 Lock-up: None
 Prime broker: UBS AG
 Administrator: HSBC
 Firm Assets³: USD 133 mn

FUND DETAILS

Month Return: 15.72%
 Month Volatility: 27.3%
 Fund Assets: USD 95mn
 Net Exposure (avg): 83%
 Top 10 Holdings: 32% of NAV
 No. of companies: 50

BLACKHORSE ASSET MANAGEMENT

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The Blackhorse Emerging Enterprises Fund ripped higher in April, not only erasing ytd losses but moving firmly into the black on significant moves in all geographics. The Fund gained +15.72%, powering ahead on large gains in Indonesia, India, Thailand, and Singapore. Modest gains were also registered in HK, Korea, China, Malaysia and Vietnam, with smaller returns in Taiwan and the Philippines. Perhaps even more encouraging was that these returns were obtained on average exposure of 83% for the month, as the threat of swine flu pandemic evoked memories of SARS which caused havoc in Asian markets in 2003. Having the SARS pandemic clearly in mind, I kept exposure under 60% for much of the last week and unfortunately missed perhaps more sizeable returns as window dressing pushed Asian markets up 8% in the last two days alone. Liquidity of the portfolio remains good, as at last check we are able to liquidate 92% of the portfolio within 3 days using 1/3 of turnover.

Gains were driven by the Fund's largest positions, particularly in Indonesian mining, Indian banking, Thai financial services, and Singapore hotels/property. Indonesia will likely continue to be a large contributor to gains for the Fund in coming months. I sense the likelihood of the reelection of incumbent president of Indonesia (Yudhoyono) in the upcoming July runoff and this will reinforce the sense of stability in the Indonesian market. Combined with an ongoing significant decline in interest rates, pushing up affordability indices for property and cars/motorbikes, and a resurgence in external demand for key commodities produced in Indonesia (palm oil, crude oil, natural gas, coal, nickel, copper, gold, silver, bauxite etc) the stage is set for an improvement in the overall investment climate in Indonesia and a build-up in consumer demand. Reinforcing our conviction as reflected by our 19% weighting in Indonesia at this point is the move in currency. The Indonesian Rupiah is the strongest Asian currency ytd (+9%) counter-intuitively coinciding with a significant drop in domestic interest rates. I expect investment flows and repatriations to keep the currency firm in coming months.

In Thailand the investment environment has been particularly difficult for many years, and I personally endured perhaps my highest stress levels in recent years in mid-April navigating the Thai portion of the portfolio thru the Sonkran riots by the UDD opposition faction and the assassination attempt of Sondhi, the vocal leader of the anti-Thaksin PAD party. But the savagery eventually made its way into valuations of financial services companies which I have been observing and monitoring for many years. Such companies at their April lows were seemingly priced at 1999 near-bankruptcy levels. Position building in April was slow and agonizing thru the riots but the Fund received sizeable gratification before month end, and these positions are all among the largest gainers in May-mtd.

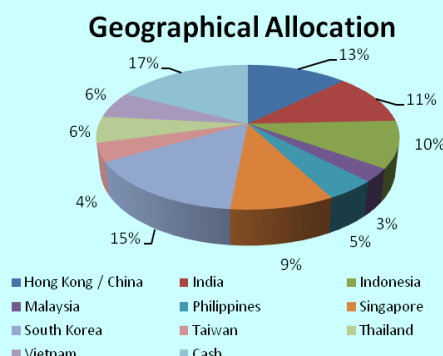
As at time of writing the Fund is pushing still higher, with decent alpha in Indonesia, Thailand, and the Philippines.

In administrative news, flows continue to be positive, the Fund registered the third consecutive month of net inflows, and as the Fund does not have any redemptions for 30 May, we would expect a fourth consecutive month of inflows.

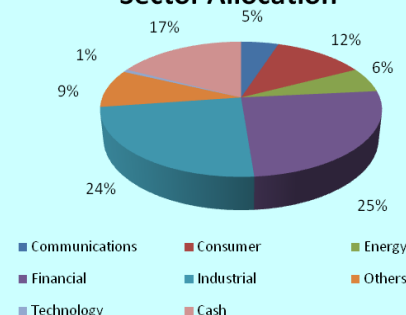
HISTORICAL RETURNS¹

	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Y-t-d
2001	n.a.	n.a.	0.38	0.35	4.43	2.84	-4.68	7.17	-9.85	-2.9	9.21	5.04	10.97
2002	-0.55	2.77	4.44	10.18	6.24	2.74	-8.68	-0.54	-10.01	3.2	2.78	3.56	15.25
2003	-0.50	1.94	-2.32	5.46	11.26	3.85	6.74	10.89	15.26	3.98	-1.95	9.01	83.06
2004	5.29	3.77	0.94	4.51	-8.90	-1.19	-1.61	-0.36	2.01	2.27	3.77	-0.40	9.67
2005	9.95	4.17	-4.83	-2.26	-1.49	-1.83	7.13	-4.00	2.24	-2.20	3.65	10.26	21.09
2006	11.60	2.04	10.68	9.35	-3.66	0.56	0.33	2.86	4.37	4.34	10.99	4.01	73.23
2007	5.05	5.46	1.62	3.70	4.29	6.03	2.34	-6.81	6.26	5.40	-7.87	-0.69	26.16
2008	-9.26	4.62	-6.40	1.45	-3.10	-11.51	-4.44	-5.43	-16.73	-18.16	-5.91	0.39	-55.03
2009	-5.15	-4.24	3.73	15.72									9.03
	Since Inception :												233.23

ASSET ALLOCATION *



Sector Allocation



* Average weightings for the month

PERFORMANCE STATISTICS

12-months rolling return
 3-year rolling return
 5-year rolling return
 Months Up/Down [Up = up or flat]

Blackhorse Emerging Enterprises Fund

-45.61%
 -22.26%
 23.48%
 62/36

(1) Returns prior to Dec 2004 are based on actual audited performance of Blackhorse Enterprises Limited (BEL), portfolio managed in the same absolute return style as the Blackhorse Emerging

Enterprises Fund (BEEF), indexed for comparison purposes only. No management fees have been charged prior to December 1st, 2004. The performance fee is calculated with reference to a "high watermark". The Fund's portfolio is valued monthly using trade-date and accrual accounting methods for the calculation of the Fund's NAV. Past performance is not indicative of future performance.

(2) This document does not constitute an offering of the Fund, which can only be made to qualified investors by means of the private placement memorandum, which describes, among other things, the risks of making an investment in the Fund.

(3) After performance fees; Includes US\$4mn in The Blackhorse Asia Fund (BAF NT), \$0.2mn in a segregated account managed in the same long/short style as BAF NT, US\$95mn in our long-only absolute return product, The Blackhorse Emerging Enterprises Fund, US\$23mn in The Blackhorse Enhanced Vietnam Inc. (BEVI), and US\$11mn in The Blackhorse Early-Stage Technology Fund.