



GLOBAL
PLATINUM
SECURITIES

ANNUAL REPORT 2010

The Future Is Here



Educating the next generation of investors

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GPS Creed

“ We believe that ethics should take absolute precedence
and profit at the price of integrity is no profit at all.

We believe that those who have been blessed with prosperity
should help those in need
and that donating time and knowledge
is more important than simply writing a check.

We believe that learning through experience
is just as important as learning the theory
and that the process of learning
should be interesting and intellectually engaging.

We believe that through friendship,
we can learn from each other,
and through mentorship
wisdom can be passed down so youth can learn from history.

We believe that people should be active investors
having input in their investments
learning about the companies they invest in
learning about the industries they invest in
purchasing the underlying business rather than the stock.

We believe that by doing what we love
by being well-informed
by being well-educated
by doing due diligence we can profit. ”



Mission Statement

“ Global Platinum Securities will strive to provide a comprehensive investment education to the future generation of passionate and intellectually curious business leaders in an ethical and socially responsible fashion. ”

Board of Managers

The Founders

Tim Shannon
Georgetown University '07

Rufino Mendoza
Georgetown University '07

Ken Talanian
Georgetown University '06



Chief Executive Officer 2008-2009

Hoshrav Patel
New York University '09



Chief Operating Officer 2009-2010

Cole Magrath
Georgetown University '10



President of the Alumni Association

Rob Green
University of Dayton '09

Upper Management

Chief Executive Officer

Chris Ramesh
Georgetown University '11



Chief Operating Officer

Alice Chung
Harvard University '11



Chief Financial Officer

Lambert Wang
Georgetown University '11



Portfolio Managers

Saurabh Bikram
London School of Economics '11

Akeel Rangwala
Harvard University '11



Vice President of Marketing

Jaymal Nathwani
London School of Economics '11



Vice President of Philanthropy

Kevin Abels
University of Dayton '11

Upper Management

Vice Presidents of Internal Relations

Jhanavi Pathak
Massachusetts Institute of Technology '12

Jaime Steinhardt
Georgetown University '12

Ellen Yang
New York University '12



Vice President of Personnel

Neeral Gandhi
Harvard University '12



Vice Presidents of Education

Wesley Bayer
Georgetown University '12

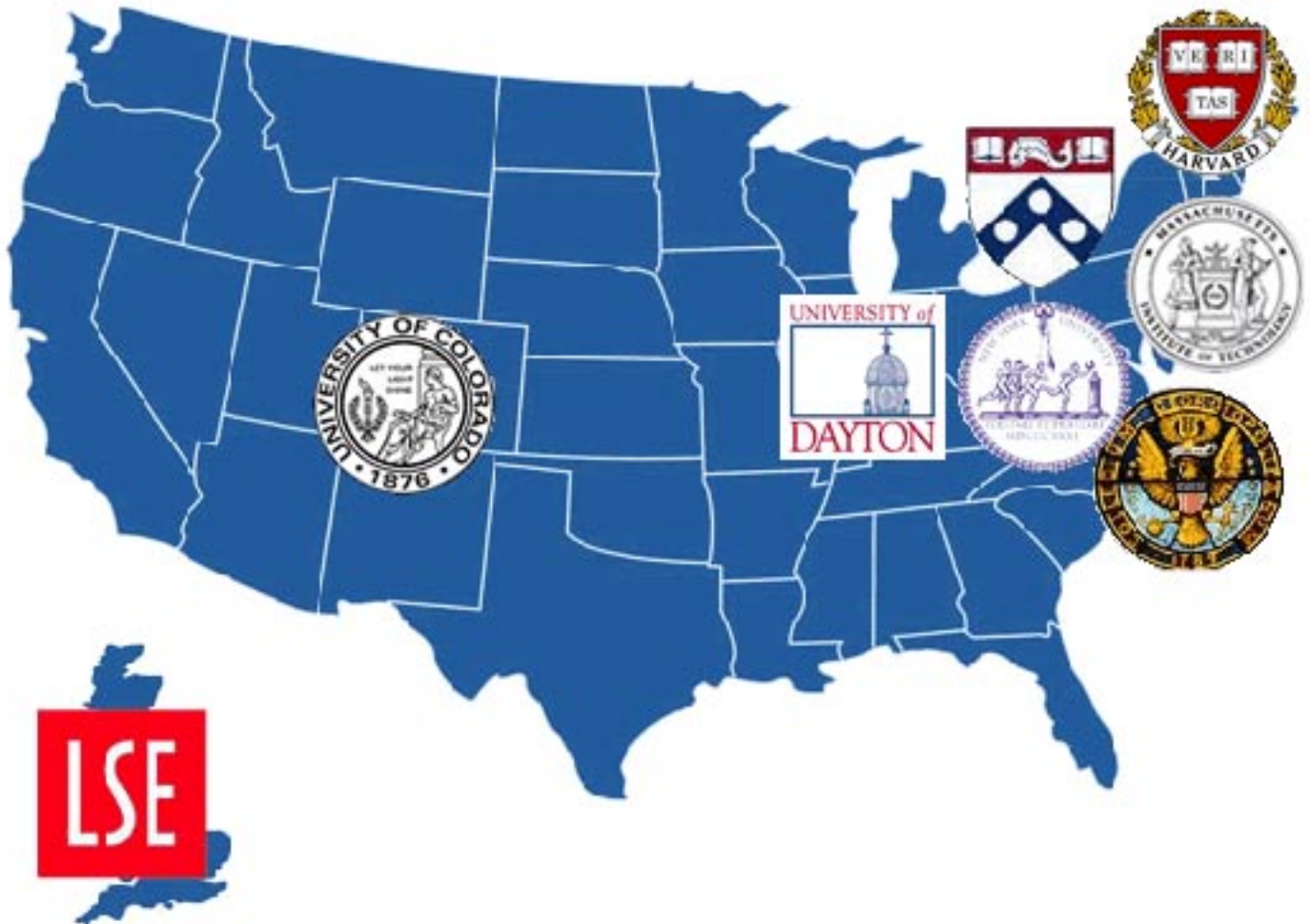
Tong Chen
Massachusetts Institute of Technology '12



Vice President of Technology

Benjamin Wigoder
London School of Economics '11

Membership



University of Colorado

Rob Richmond '11

Brad Stachurski '12

Brian Weickmann '12

Kevin Tracey '12

Jamie Perse '13

University of Dayton

Kevin Abels '11

Matthew Veryser '11

Kate Morgan '12

Ryan Hunn '13

Membership

Georgetown University

Aman Sarup '11

Chris Ramesh '11

Lambert Wang '11

Heather Gartin '11

Jaime Steinhardt '12

Wesley Bayer '12

Ben Bold '13



Havard University

Alice Chung '11

Akeel Rangwala '11

Neeral Gandhi '12

Rexhi Dollaku '12

London School of Economics

Saurabh Bikram '11

Jaymal Nathwani '11

Benjamin Wigoder '11

Dominic Gerster '12

Lawrence Koo '12

Grace Lau '12



Massachusetts Institute of Technology

Andrew Yoon '11

Jhanavi Pathak '12

Tong Chen '12

Justin Colt '13

Membership

New York University

Neil Sheridan '11

Ellen Yang '12

Archit Vijoy '12

Avinash Nagaraja '12

Jeremiah Leong '12

University of Pennsylvania

Eric Fischer '11

Maulik Shah '11

Gideon Spitzer '11

Eric Su '11

David Li '12

Zuri Michan '12

Ashish Patra '13



Letter from the CEO

Dear Investors & Mentors,

We have emerged from the worst financial crisis since the 1930s, and although the dust is beginning to settle, much remains uncertain even now. With the ultimate question of “How did this happen?” being posed in newsrooms, boardrooms and classrooms alike, the world has entered a phase of reevaluation and rebuilding. Most prominently, our understanding of risk has been redefined, especially our understanding of the systemic dimensions of risk. Following the debt crisis in Greece, sovereign debt is no longer a term synonymous with a risk-free investment. The organization of the financial system was reevaluated, culminating in the Wall Street Reform Bill which gave rise to the most significant financial overhaul since the Great Depression. In an attempt

to reinvigorate economic activity and cleanse the entire system, the Fed unveiled a second round of financial stimulus. These are some of the many ways in which the themes of reevaluation and rebuilding played out this year. Although many decisions were difficult to make and continue to be contested, ultimately the economy has shown signs of recovery and the “Great Recession” has officially come to a close. As the economy has benefited from these themes, so too has GPS.

Throughout this crisis, GPS has preserved our market-beating returns with an alpha of 5.9% in 2010 (using the S&P 500 as a benchmark). Since inception, the fund has generated 53.4% (versus an S&P 500 return of 3.9% over the same period). We continued

our superior performance with our disciplined approach to value investing, and in continuing with this discipline, we have focused a good deal of effort on reevaluating the companies in our portfolio. In this volatile economy, many fundamental changes in the operating environments of our companies could have negatively affected our investment theses. To this end, we have begun more actively scrutinizing each holding. Overseen by Portfolio Managers, Saurobh Bikram and Akeel Rangwala, this initiative has been bent on honing our discipline in the stages of the investment process after the initial purchase. With our cash position having dropped below 10%, potential divestments will also free up capital so that we may pursue some of the many great investment ideas currently in our pipeline. As this question of whether to sell is as important as that of whether to buy, this emphasis will likely be carried forward into this coming year with the new management team.

With the official Alumni Association now over a year old, special thanks must go to Rob Green, the class captains, and all others involved who built a solid system for alumni involvement in GPS. Alumni involvement is one of the most substantial differences between GPS and any other student organization. With their valuable input, the career panels, the industry council discussions, and the continued dialogue with alumni has enriched the GPS experience for members. This year's focus was on establishing the foundation for day-to-day involvement as well as the protocols for dues and other matters to ensure the sustainability of the group's activities as well as alumni relations. This solid foundation will ensure alumni involve-

ment will continue to be as spirited as it has been so far.

Jaime Steinhardt, Jhanavi Pathak, and Ellen Yang organized and moderated another round of excellent conferences in New York. These continue to provide opportunities to build friendships and share experiences in person with members and alumni. The speakers were most interesting, ranging from a distinguished credit investing specialist to an animated and insightful corporate executive. In addition, this year marked a big step for GPS philanthropy as Kevin Abels successfully organized the first group-wide giving back initiative with "Meals on Wheels" at the summer conference.

One of the largest ways the theme of building manifested itself this year has been with regards to GPS's infrastructure and technology. Here, a special thanks must go to Benjamin Wigoder, who has been, without a doubt, instrumental in taking GPS's IT profile to the next level and then some. With cost and efficiency in mind, the group is moving towards a more proprietary model. We now host our own website and are taking steps to store our own data rather than using a third party client – both are generating substantial savings. We are currently advancing towards a vision of GPS's own online portal for a GPS social network, for data storage, recruiting, and much more, with each step making us more professional and efficient. This proprietary model is being imitated on the education front as we have been developing more material in-house to emphasize with clarity and efficiency the pillars of value investing. To aid this process, the education program has been reorganized to begin during the academic year, providing

a better learning environment while also integrating analysts into the GPS culture sooner.

With a crystalized vision for the group set forth by many alumni and members alike, going forward we will need a strong management team to see these goals through to fruition while at the same time keeping intact GPS's core focuses of investing, education

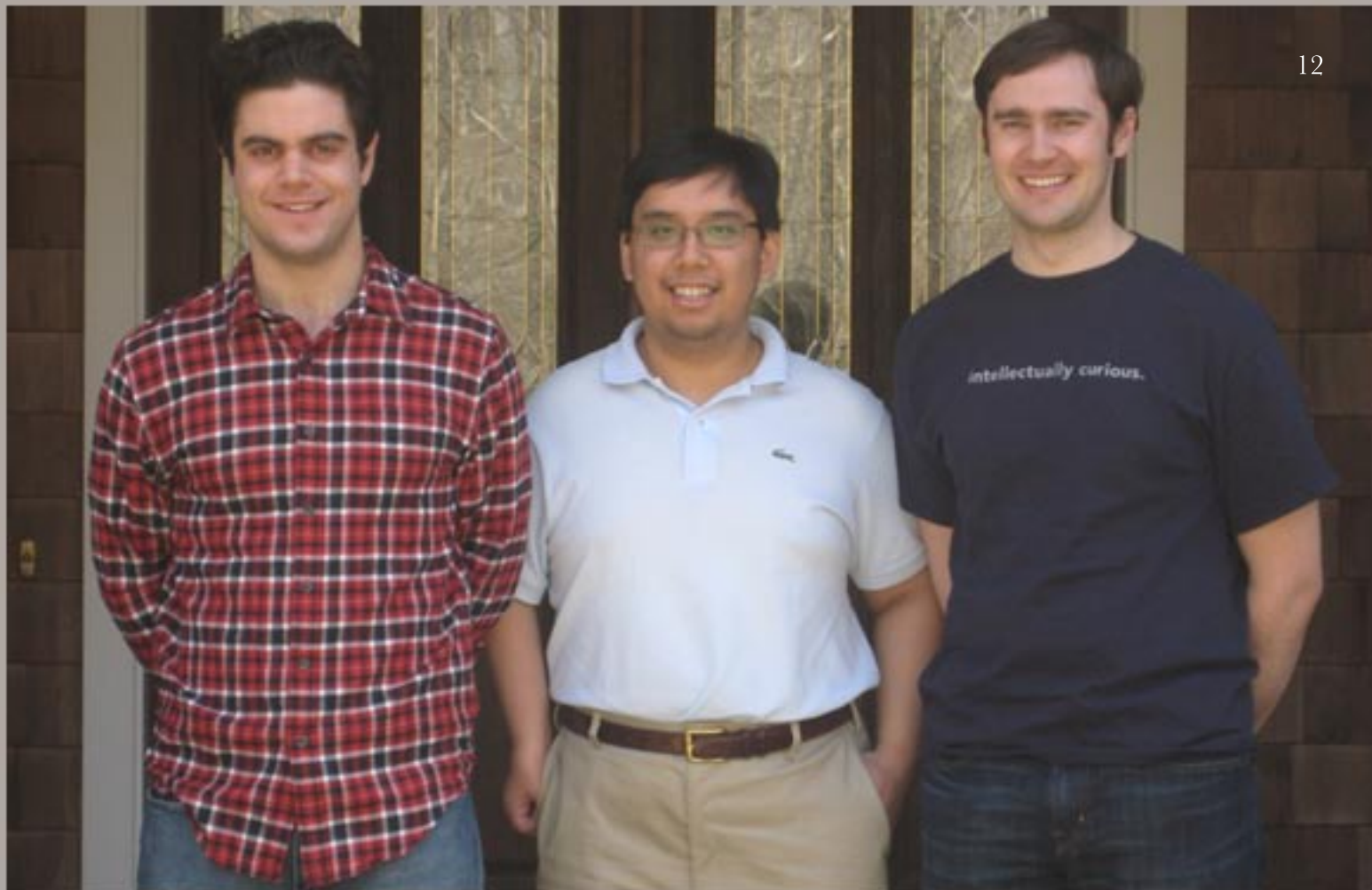
and philanthropy. It is with a sense of excitement that I hand the reigns to my colleague and close friend Wesley Bayer. As former VP of Education, Wesley has shown much dedication to the group. This dedication is matched by his creativity in executing his wealth of ideas for the group. Wesley and his team will undoubtedly continue to take GPS to new heights – I could not be more excited to see what is in store for our community!

Yours sincerely,

Chris Ramesh
Georgetown University '11

Chief Executive Officer 2010





Letter from the Founders

Dear Investors and Mentors,

If we had started an investment club a few centuries ago, we might very well have well invested in a racing yacht. Before the transatlantic telegraph was laid, mail boats traversing the Atlantic were often intercepted and whoever had the fastest boat and could reach shore first would have the information edge. One notable instance of this was when Paul Julius Freiherr von Reuter, the Michael Bloomberg of the 19th century, delivered news of Abraham Lincoln's assassination to the London markets ahead of the other news services by intercepting a mail boat off the coast of Ireland. GPS's most recent deep-sea experience at the Spring Conference reveals, however, that we are landlubbers in comparison. Our experience can be summed up in one image: Imagine

GPS members and alumni swinging to and fro as they try to negotiate a seesawing deck atop choppy waters. Though it is a bit stereotypical to use undulations, oscillations, and pendulums as metaphors in finance-related writing, it is difficult to find other metaphors that are much better.

After several years of an increasingly intense quantitative portion of the education program, we anticipate the upcoming year to be a swing back towards the qualitative. Over the years, the collective knowledge of GPS has expanded to include not just countless books, articles, investment letters, but also lessons from the investment successes and mistakes of its members and alumni. There will be a reemphasis of investment letters

from and profiles of great investors and business leaders. Combined with conference calls with mentors, alumni, and other professionals, it should also add real world color to the program.

Our pods continue to raise the bar with their recruitment efforts. This year, Georgetown University, the University of Pennsylvania, the University of Colorado, Harvard University, the Massachusetts Institute of Technology, New York University, the London School of Economics, and the University of Dayton recruited 29 undergraduates in total. This year's analyst class demonstrates an indefatigable spirit and thirst for knowledge as witnessed by both members and alumni during this year's interviews.

As written in our creed, we believe that those who have been blessed with prosperity should help those in need and that donating time and knowledge is more important than simply writing a check. Each pod has its own philanthropic traditions, ranging from building homes with Habitat for Humanity at the University of Dayton to Georgetown working with Meyer's Institute for College Prep to give personal finance workshops to gifted, but underprivileged children. However, it was during our 2010 summer conference where GPS students and alumni from different pods carried out a coordinated giving back initiative together, walking side by side to deliver food for "Meals on Wheels" in New York. We aspire to host even more events this upcoming year.

2010 marked an important year in the establishment of our Alumni Association spearheaded by University of Dayton founder Rob Green. One of the biggest successes so far has been the establishment of industry councils, where alumni discuss topics such as Credit, PE, Healthcare, Media, and Tech & VC. The Hedge Fund Council, in particular, has hosted two idea dinners so far. Clusters of alumni in cities such as New York, London, and San Francisco will hopefully develop their own pod-like cultures as they grow and mature. By the end of June, our alumni base will soon outnumber our students as 18 of our 71 undergraduates will graduate, increasing our alumni count to 81.

We were unsuited to the deep sea where, much like the vicissitudes of the market, the crests of the waves are ephemeral. Perhaps a better set of metaphors for GPS would be land-based. Whether it be having feet on the ground while conducting shoeleather research or obsessing over the foundations upon which our held companies are built. When we were undergraduates, our goal was to build a foundation of investment knowledge as we prepared to enter the adult world. As alumni, our goal is to ensure that others can benefit from the foundation. Upon that foundation we hope that the House of GPS will be a home for business leaders not just of our generation, but of their posterity.

Many thanks to Chris Ramesh, Alice Chung and the rest of the 2010 undergraduate leadership team for continuing the tradition of

building the organization through their actions each and every day. We look forward to supporting Wesley Bayer and Jaime Steinhardt as they build the House of GPS to greater heights this upcoming year.

Yours sincerely,

Tim Shannon
Georgetown University '07

Rufino Mendoza
Georgetown University '07

Ken Talanian
Georgetown University '06

The Founders





Letter from Internal Relations

Dear Investors and Mentors,

2010 marked another exciting year for GPS as we welcomed a new class of analysts and explored new leadership initiatives. Time has passed quickly since we assumed the roles of Vice Presidents of Internal Relations from Alice Chung (Harvard '11) and Akeel Rangwala (Harvard '11). Now it is time to pass the role to Jeremiah Leong (NYU '12) in whom we have every faith that he will be able to carry out the duties of the role in the most exemplary fashion.

We began our year with the Myrtle Beach Spring Conference, and we give many thanks to Alice and Akeel who carefully selected a beautiful home two blocks from the beach in Myrtle Beach, South Carolina. The spring retreat allowed GPS members

and alumni to spend quality time together over a game of miniature golf, a fishing trip many will never forget, and a barbecue. In addition to these activities, the 2010-2011 UM presented strategic visions, inspiring the group to bring GPS to new heights in the coming year. We gathered again in summertime for the New York City Summer Conference where many analysts, members and alumni met face-to-face for the first time. Beyond our usual professional presentations and boat cruise tradition, our Vice President of Philanthropy Kevin Abels (Dayton '11) planned a team-wide Giving Back event with local chapters of "Meals-on-Wheels". This was a wonderful opportunity for many generations of GPS to come together and contribute to the betterment of the NYC com-

munity. In October we united again in NYC for our Fall Induction Conference, where members and many alumni attended impressive analyst presentations. As always, the Fall Conference proved to be incredibly memorable for all in attendance. Come April, GPS will congregate in the Hamptons for our Spring Conference and we look forward to a weekend of catching-up and making memories. We thank our mentors for their generosity, as our conferences would not be possible without their support.

Our newest analyst class, now members, not only displayed investment prowess through their presentations, but also demonstrated a firm grasp of GPS's investment philosophy through their choices of undervalued companies with admirable business models. We are all very impressed by their performance and we look forward to seeing more of their contributions as both members and future leaders of GPS.

Throughout the year the team benefited from a variety of mentor calls and alumni panels. We would like to thank our mentors Leigh Crawford and Eric Resnick for taking the time to speak to the team about their personal paths to success and offering words of wisdom to many of us who will be joining the workforce for the first time. We would also like to thank the following members and alumni for their contributions to special education panels at our weekly general meetings which covered an array of topics from a Sales and Trading panel to an equity case study on VCA Antech, Inc.: Andy Artz (Harvard '07), Saurabh Bikram (LSE '11), Jon Brachle (CU '07), Ken Li Chung (LSE '08), Hoshrav Patel (NYU '09), Tim Piechowski (Georgetown '07), Brina Pollack

(Georgetown '08), Juan Prajogo (MIT '08), Charles Robertson (CU '10), Tim Shannon (Georgetown '07), Roman Smukler (NYU '09), Matthew Veryser (Dayton '11), Victor Wang (MIT '09), Sunny Wong (NYU '07) and Jimmy Zhu (MIT '08). The wide variety of panels and presentations is a true testament to the diversity of the GPS team and speaks to the strength of our alumni network, brought together by the efforts of the GPS Alumni Association.

Newsletters throughout the year supplemented our inter-team communication as we highlighted various team gatherings and member-alumni interviews. During the past year, many generations of GPS had the opportunity to come together for brunches, dinners, and a variety of other outings to strengthen their existing relationships and foster new ones. In the summer, brunches became a weekly tradition in NYC as members with internships in NYC dined with the many alumni who work full-time in the area. In addition, we had quite a few gatherings abroad in China and the UK as our members traveled for school and the LSE Alternative Investment Conference, coordinated by our very own Jaymal Nathwani (LSE '11). As the GPS family grows with each new graduating class and each new wave of analysts, it becomes paramount that we find ways to bridge the generation gaps. Our quarterly newsletters have given members and alumni the opportunity to share their conversations with the organization at large, and we would like to take this time to thank everyone for their contributions. Our departure as VPs of IR is a bittersweet moment. We have thoroughly enjoyed working with the GPS team, the Board of Managers, the GPSAA, and our alumni and mentors and

we thank everyone for their unending support. We look forward to what the upcoming year brings for GPS, and we wish the very best for everyone in the organization.

Yours sincerely,

Jaime Steinhardt
Georgetown University '12

Ellen Yang
New York University '12

Jhanavi Pathak
Massachusetts Institute of Technology '12

Vice Presidents of Internal Relations 2010





Letter from GPS Alumni Association

Dear Investors and Mentors,

Global Platinum Securities Alumni Association (“GPSAA”) celebrated its first full year of operations in January 2011. Alumni support and involvement throughout the past year helped create many exciting developments, such as solidifying our basic organizational structure, finalizing the alumni dues structure, running the first full officer transition, building upon the industry council program, and hosting education and networking events with the undergraduate student members of GPS.

Now that the GPSAA is in full swing, the alumni members have continued to closely channel interaction with the undergraduate students. First, strong representation has been held at all of the conferences, including

the most recent Spring Retreat in Bridgehampton, NY where alumni flew in from remote locations such as California and London. Second, the GPSAA has hosted several career and education conference call panels on a variety of industries, including consulting, hedge funds, private equity, investment banking, and sales and trading. During these sessions, students learn industry basics and ask alumni a range of questions relating to their daily responsibilities as well as receive advice in pursuing various career paths.

Internally, the GPSAA continues to develop as intended. While the association’s structure was tested during the first year, we are pleased with how officer roles have shaped to

to help guide the strengthening of our relationships. Events were held in our three core regions: NYC, London, and the recent addition of San Francisco. Also, as alumni travel to these cities – whether for work or leisure – the Regional Captains have served as a helpful point of contact to provide hospitality to visiting members and arrange dinners with the other local GPSers. Furthermore, the Pod Ambassadors have continued to mentor and council the undergraduate student members at their respective schools on pod-level activities, such as analyst recruiting. Last but not least, the Class Captains have helped collect career updates from their alumni classmates for the GPS Newsletters, and they have helped facilitate the new dues collection process. Without each of these officer groups, we would not be as effective in remaining in contact with one another or helping to educate the students.

GPSAA Industry Councils have continued to encourage and channel the exchange of investment ideas and sharing of opinions with alumni around the world. We hope to build upon this program by forming interactive panel sessions at the summer and fall conferences. Going forward, we feel as if this will be one of the core assets to the GPSAA as we continue to remain intellectually curious and be valuable resources to one another.

In the next month, the GPSAA will finish the process of collecting the first alumni dues, which will be used to help fully fund the operations of GPS going forward, such as conference budgets and sponsorships. High participation in the dues structure from alumni is a testimony to the value of this association and to the commitment of ensuring the unique GPS experience contin-



ues for future generations.

Finally, near the end of this year, we will be passing on our roles as GPSAA Directors for the first time as our term ends. In the next few months, we will begin to prepare for this transition using a formulated set of GPSAA

by-laws, which were created upon the approval from the Founding Partners.

We look forward to what lies ahead in the GPSAA, and we remain grateful for working with such passionate, bright, and thoughtful alumni with high levels of energy and dedication to the association.

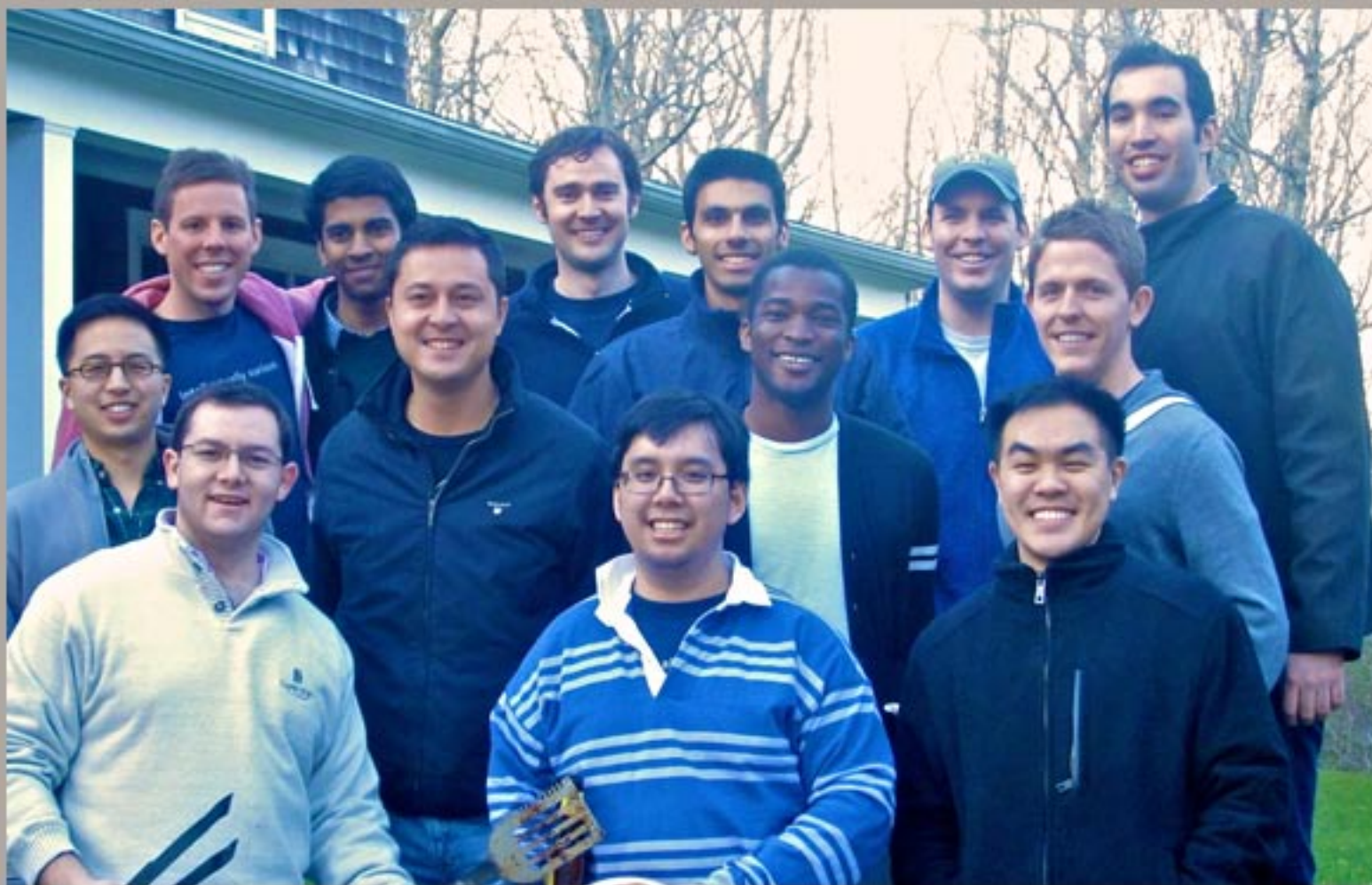
Yours sincerely,

Rob Green
University of Dayton '09
President

Juan Prajogo
Massachusetts Institute of Technology '07
Vice-President

Jon Brachle
University of Colorado '07
Treasurer

The GPS Alumni Association





Giving Back

Dear Investors & Mentors,

The GPS Pods have always found numerous ways to give back to underprivileged individuals in their communities – this past year was no exception. In addition to the traditional giving back events, the entire GPS team delivered meals to the homebound elderly in New York City by partnering with “Meals on Wheels” at the summer conference. During the first half of this school year each Pod planned and executed a Giving Back Event that had a positive impact in their respective community. This ultimately fulfilled our mission of giving back to the underprivileged by utilizing our knowledge, skills, and resources.

Please find below a description of each Pod’s Giving Back Event:

The Dayton Pod chose to volunteer through the Habitat for Humanity homebuilding program, which works toward its conviction that every man, woman, and child should be provided a decent, safe and affordable place to live. The Dayton Pod volunteered at a local build-site and helped to place the finishing touches on a house. The activities of the day ranged from putting screens in the windows to moving a shed from across the city to the backyard of the house. Despite the bitter cold temperatures, the Dayton Pod, along with other volunteers, saw to it that the house was ready to be occupied by a very excited family. Having enjoyed volunteering through Habitat for Humanity, the Dayton Pod hopes to work with this organization again in the near future.

This past November, the Georgetown Pod teamed up with students from the Myers Institute for College Preparation to discuss the basics of economics and personal finance with underprivileged students in the Washington D.C. area. The Myers Institutes focuses on transforming the lives of students by preparing them for college on both an academic and personal level. The Georgetown Pod engaged students in grades 7-11 in an open forum about various topics related to financial literacy: the difference between debit and credit cards, the fundamentals of the stock market, how to avoid and deal with debt among other topics. The Pod accomplished its goal of making students think about the importance of certain financial decisions and how to be their own prudent money manager.

The MIT Pod volunteered at a local Community Servings in Boston. Having enjoyed participating in the “Meals on Wheels” philanthropy event at our summer conference, MIT wished to center their Giving Back Event on a similar theme. The Pod spent an evening chopping up vegetables and packaging meals for the most needy of the community. It provided the MIT Pod with the opportunity to look at things from a completely different perspective than all of us are accustomed to when we are at school or in a professional setting. With just a few hours of relatively simple work, the MIT Pod was able to create a positive impact in their community and better the well-being of the underprivileged.

The UPenn Pod spent an afternoon helping serve the homeless at a local West Philadelphia soup kitchen this past November. In addition to serving a meal to around 50 of

the neediest members of their community, Pod members helped prepare lunches for use by the soup kitchen at a future date. The UPenn Giving Back Event allowed the Pod to connect to the community around their campus and demonstrate their commitment to those in need.

The Colorado Pod also chose to volunteer with Habitat for Humanity this past December. Looking to work with their hands, the Pod agreed to volunteer for this organization because they fully support Habitat’s mission of providing the needy a decent, safe, and affordable place to live. The Pod’s shift was scheduled for the last day of the season for the local Habitat branch, which meant their efforts were needed to help carry all of the equipment and building materials indoors. In addition, the Pod helped paint a donated truck. The event proved to be very rewarding for the Colorado Pod because they could directly see the impact that their work had and how much their help was appreciated. The Colorado Pod had a very positive experience and hopes to partner with Habitat for Humanity again in the near future.

For their Giving Back Event, the Harvard Pod volunteered through VisionWalk, a national signature fundraising event of the Foundation Fighting Blindness. Since its inception in the Spring of 2006, the program has raised over \$13 million to fund sight-saving research. As promising treatments move into critical human studies, the need for research funding is greater than ever before. Having participated in the 5k walk bright and early, the Harvard Pod helped raise funds and awareness for an important cause, and also helped make a positive impact in their local community.

Having had a very positive experience in the past, the LSE Pod volunteered through Young Enterprise again. The Pod spent the day teaching 13 and 14 year old children at Canons High School. The goal of the LSE Giving Back Event was to inspire the children at the school to take Economics, Business and Finance related subjects, as those areas of study are currently some of the least demanded at their school. The Pod also sought to encourage the students to understand the importance of different skill sets, and how those skills can make a meaningful difference to them in their future careers.

This past December, the NYU Pod spent an afternoon with elementary school children in lower Manhattan as a part of A Place for Children. This organization, based in New York City, strives to enrich the lives of

underprivileged children through organized after-school activities such as workshops and tutoring sessions. The NYU Pod members assisted the students with their homework assignments as well as participated in the “Nickels, Dimes, and Dollars” workshop where the children learned about money and different currencies. Through their philanthropic efforts, a meaningful difference was made in the NYU Pod’s local community.

Working to give back to the underprivileged, each GPS Pod found a unique way to volunteer within their community. With another year of the Giving Back Program gone by, GPS is already looking to the future to find new ways to make a positive impact on the lives of those less fortunate.

Yours sincerely,

Kevin Abels
University of Dayton '11

Vice President of Philanthropy 2010





2010 in Review

Dear Investors and Mentors,

In 2010, GPS returned 20.9% vs SPX 15.0% including dividends, representing an alpha of 5.9%. Our best performer in 2010 was Apple (up 53.2%). Apple continues to make inroads into the mobile market with its iPhone 4 and iPad 2. Recent research by RBC capital puts the number of “Smart-phone and Tablet users” at 394m vs 5bn mobile phone subscribers, 2bn internet users and 1.3bn PCs suggesting there is still a long way to grow for the segment. Thanks to its first mover advantage with the iPad and massive economies of scale, Apple is very well positioned to capture future growth. On the valuation side, with a full year (September 2011) P/E ratio of 15x and 13x excluding cash, the market doesn’t seem to be asking too much of the Apple. Hence, we

are inclined to hold the stock due to limited downside risks.

Our second best performer in 2010 was Freeport-McMoran Copper & Gold (up 52.4%). With one of the lowest cost curves for gold and copper production, FCX has been the beneficiary of the commodity boom of 2010 with gold and copper both reaching their near time records. We expect FCX to continue to do well for two primary reasons. First, long-term capital flows continue to flow out of the US dollar, some of which has been into gold as central banks rebalance their reserves out of the USD and other “problem” economies. Secondly, copper continues to enjoy investor appetite for rapid infrastructure growth expected in China, India and

Latin America. This will not stop any time soon and therefore prices should at least remain stable if not run higher.

In the last few months we continued to see many proposals and intense discussion at sector meetings. Furthermore, we pressed ahead with reviewing the pitches at the fall conference. As a result we bought Xinhua Real Estate (XIN), a Chinese real estate company, which has significant upside potential as the Chinese boom spills over to tier 2 cities. The recent investment made by China into high-speed rail links provides a great stimulus for the local property market. We would like to thank Kevin Tracey for his incredible effort in getting together such a detailed and well-thought pitch.

Furthermore, we also bought General Moly (GMO) which will become the world's largest molybdenum producer when it comes online in late 2012. Molybdenum is used in making steel and so it has great upside potential owing to any growth in infrastructure spending. It will also be one of the lowest cost producers of molybdenum; at current prices it is trading at a 50% discount

to NAV. We are anticipating the full permits to be awarded in the next 6-9 months and we believe the market is just waiting for this.

Although the turbulence which has gripped the markets during the past few months hasn't been so kind to both GMO and XIN, we believe that both companies are still undervalued and we remain confident that there is strong upside potential in both companies.

Finally, we would like to thank all our members who have devoted hours to research and discussion to make 2010 a real success for the investors in GPS. Akeel and I have had a great time navigating the GPS portfolio through 2010 and we are pleased to hand over the portfolio to the very capable hands of Kevin Tracey and Dominic Gerster. Kevin and Dominic gave excellent pitches at the fall conference and we have been very impressed by their investment acumen. We are sure they will do a great job.

Yours sincerely,

Akeel Rangwala
Harvard University '11

Saurabh Bikram
London School of Economics '11

Portfolio Managers 2010



Looking Forward

Dear Investors and Mentors,

Last year our predecessors wrote about the remarkable turnaround of both the United States' economy and financial markets. Since this point the economy has continued its comeback with asset prices recuperating and unemployment seemingly on a slow downward trend. However, the current recovery in asset prices and economic growth is accompanied by the most aggressively fiscal and monetary policies ever undertaken by a United States government. Trillion dollar fiscal deficits and negative real interest rates have become the norm in the United States as Ben Bernanke, a student of the Great Depression and Japan's "lost decade", clearly believes that decisive monetary policy is needed to avert economic depression. This is illustrated by rapid

expansion of the Federal Reserve's balance sheet to over \$2.5 trillion in assets. Investors and government officials acknowledge that excessive leverage created the housing bubble which ultimately led to the financial crisis. However, ironically, they are doing everything possible to prevent deleveraging. Billions of dollars of debt has been transferred from the private sector to the public sector and credit is being supported by the zero rate policy of the Federal Reserve. These conditions draw into question the sustainability of the United States' economic recovery and create potential risks that may adversely affect our portfolio. The risk that has garnered perhaps the most debate throughout 2010 is the question of whether we will experience price deflation or infla-

tion. We recognize the need for deleveraging, which should apply deflationary pressures; however, central banks across the world are pursuing inflationary policies by printing trillions of dollars in a race to the bottom to devalue their currencies in an attempt to gain advantages in international trade. The uncertainty regarding inflation and deflation is illustrated by the fact that the core CPI data remains at very low levels while inflation in non-core goods such as energy and food has accelerated at a rapid pace.

We believe famed value investor Seth Klarman described the United States economy best as a “Hostess Twinkie,” implying the recent economic data is artificial because virtually everything is being manipulated by the government. Luckily, as value investors we do not strive to predict future economic performance, but we still must identify potential systematic risks that could affect our portfolio.

Keeping these risks and the degree of uncertainty regarding the economy in mind, we plan to be especially cautious by only holding investments that offer a substantial margin of safety. We seek to maintain this margin of safety throughout our portfolio by only buying at a significant discount to our estimate of intrinsic value, by replacing holdings when better bargains can be found and, if necessary, by holding cash until attractive investments become available. As the incoming portfolio managers, our immediate goal is to lead an extensive portfolio review, in which all members will participate in updating our estimation of intrinsic value of our holdings. We plan to manage the portfolio with a strict sell discipline—we will

sell our holdings when they have met our estimate of intrinsic value or when their margin of safety has deteriorated to a point where other opportunities are more attractive.

Despite the phenomenal run up of the S&P 500 Index, up more than 90% from its lows in March 2009, we believe there are still valuable investment opportunities available. As portfolio managers, we will continue to encourage the trend, which has established itself over the past few years, to take advantage of GPS’s ability to be nimble and to focus the research on smaller companies that are more likely to be inefficiently priced than large capitalization companies. By focusing on unique situations that have flown under the radar of institutional investors and Wall Street, we hope to invest in good companies at prices that represent significant upside potential in both a strong or weak economic environment.

While the number one priority of GPS is education, as portfolio managers we also



have the responsibility to focus on the portfolio's performance. We hope to achieve both the goals of education and a high risk-adjusted return to investors, by encouraging research and debate among members, as we believe that there is no better way of education than "learning by doing". We feel blessed to preside over a fund of such a special organization that puts integrity and responsibility above all else. We thank our alumni and mentors in advance for any success we may have, as it is all due to their invaluable advice and willingness to educate.

Yours sincerely,

Kevin Tracey
University of Colorado '12

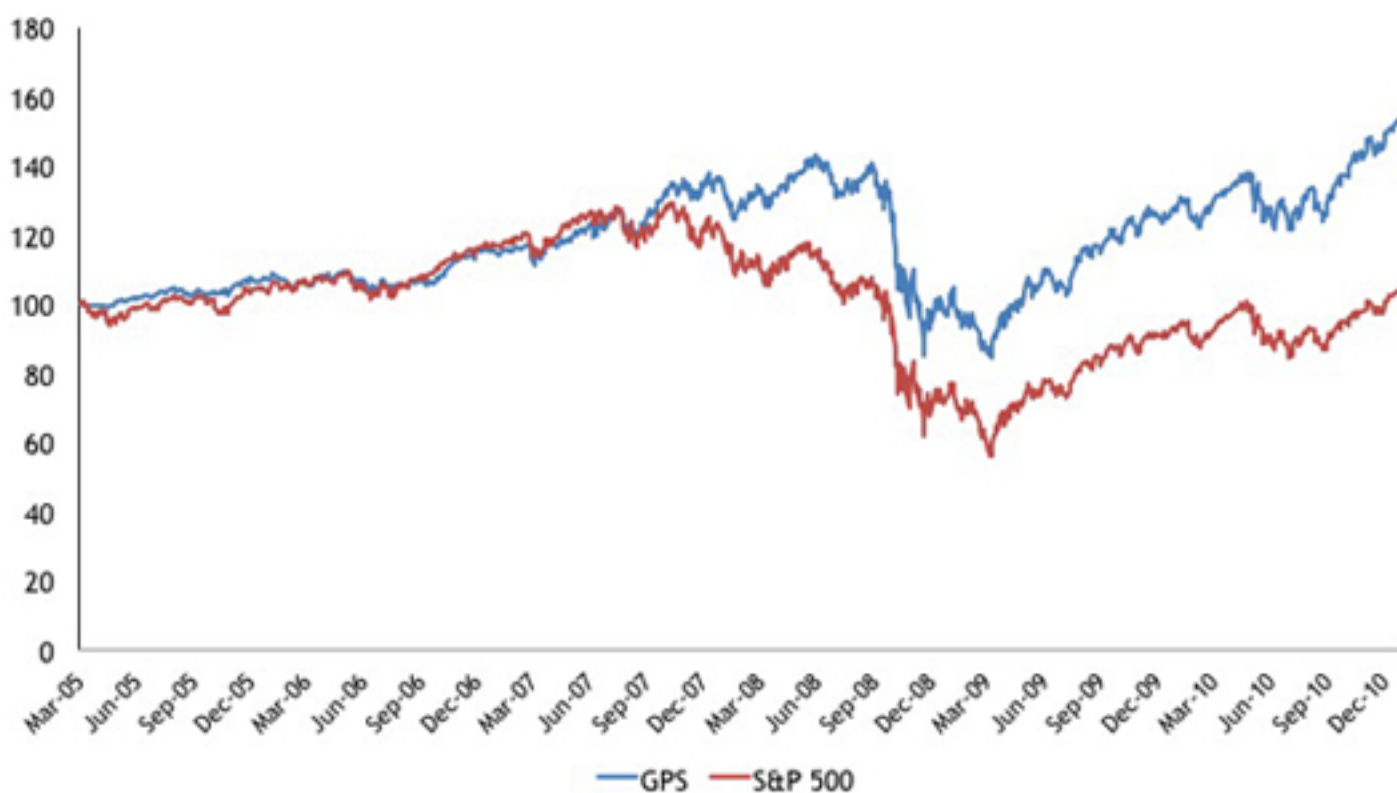
Dominic Gerster
London School of Economics '12

Portfolio Managers 2011

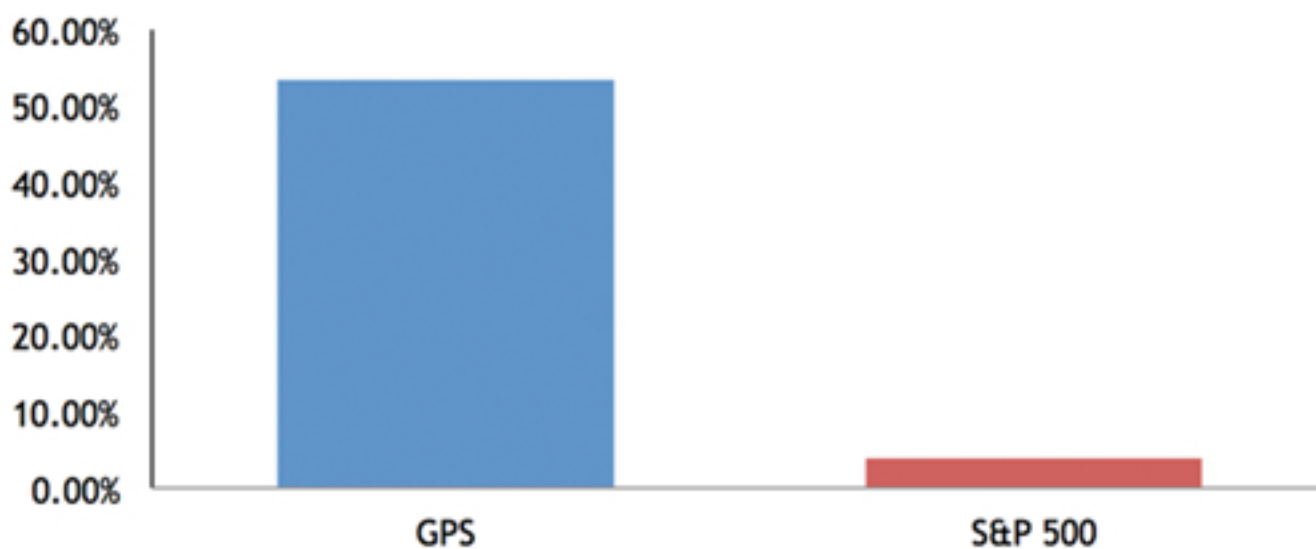


Portfolio Performance

Value of \$100 vs. S&P 500 Since Inception



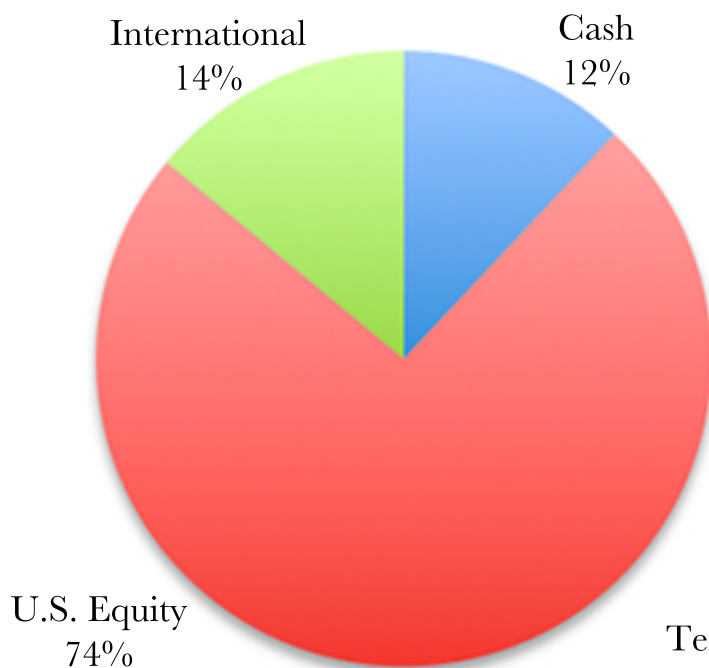
GPS vs. S&P Since Inception



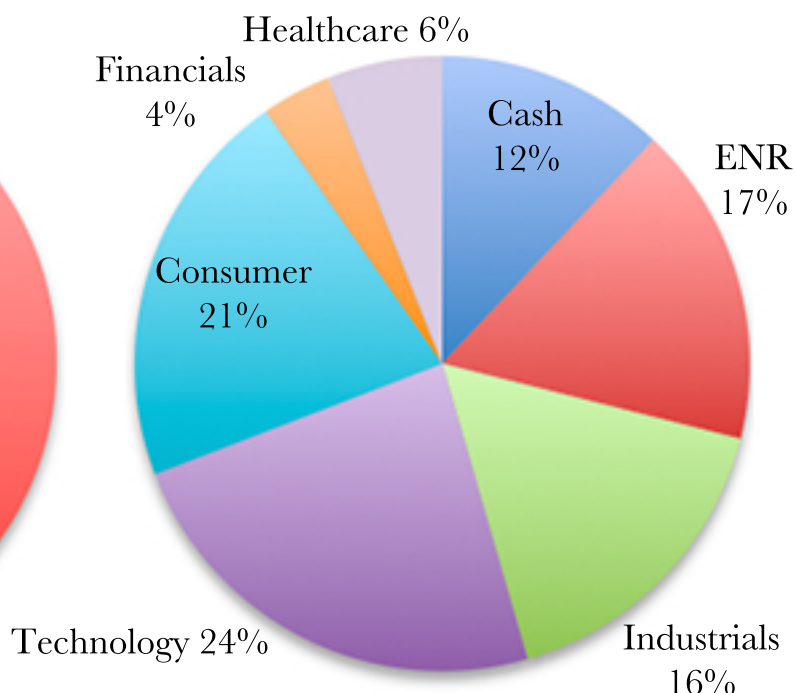
Portfolio Allocation

As at December 31, 2010

Asset Allocation

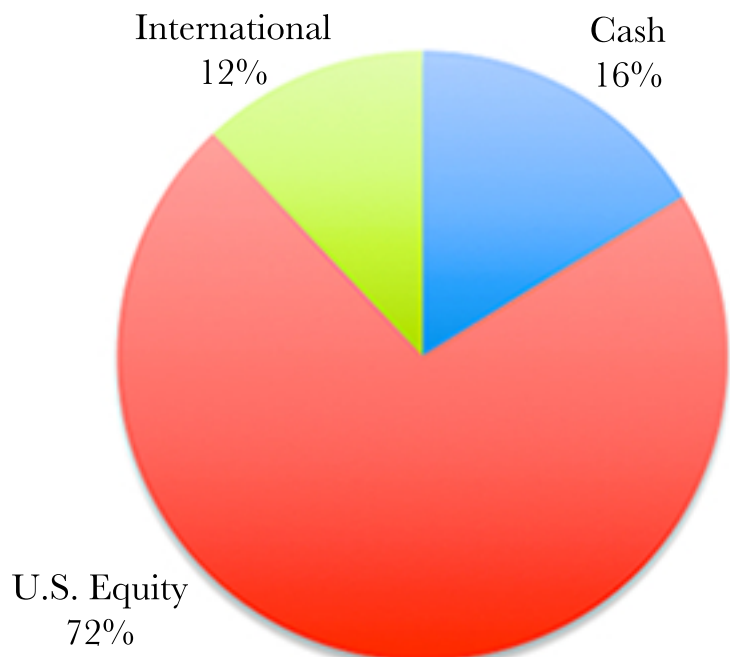


Sector Allocation

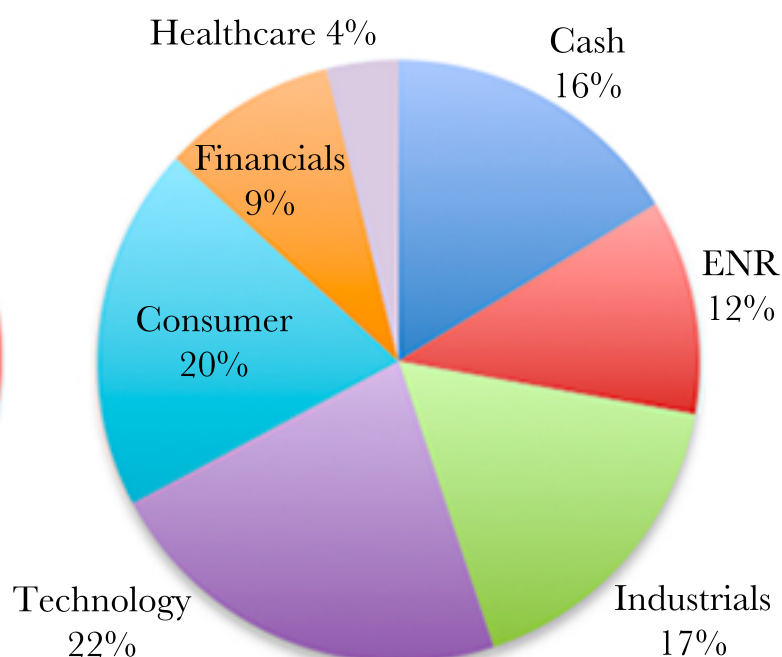


As at December 31, 2009

Asset Allocation



Sector Allocation





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