1 General Overview

Monday, 11 January 2010

Dear Partners:

The Fund finished 2009 45,52% in the plus. The Fund is up 54,69% since the start of the Fund versus 9,29% for the MSCI World Index. The Net Asset Value of the Fund at the end of 2009 is 154,69.

Below are the results of the Tartaros Global Value Fund since its inception on the 21st of October 2008 (cf. part two for the fund overview); also shown is the return of a major market index (we would like to stress that there is no specific benchmark for the Fund; the comparison to the market index is only provided as an indication to the broader market context):

Returns % (in € - net of all fees)*

2008	*jan*	*feb*	*mar*	*apr*	*may*	*jun*	*jul*	*aug*	*sep*	*oct*	*nov*	*dec*	*ytd*
Fund										5,36	-3,82	4,89	6,30
Msci world										1,11	-6,50	-5,75	-10,90
2009	*jan*	*feb*	*mar*	*apr*	*may*	*jun*	*jul*	*aug*	*sep*	*oct*	*nov*	*dec*	*ytd*
Fund	8,54	-2,06	2,80	10,62	9,59	-3,94	4,45	0,27	2,60	-0,50	4,53	2,32	45,52
Msci world	-1,05	-9,25	1,91	11,18	2,28	-0,87	8,34	2,93	1,27	-2,97	2,33	6,05	22,67

*The MSCI World is a stock market index of "world" stocks. It is maintained by M.S.C.I., formerly Morgan Stanley Capital International. The index includes equities from 23 countries, and has been calculated since 1969.
*Please note that individual investor net returns will vary due to the timing of one's investment. The results reported above are unaudited estimates and may be subject to change.

At the moment Fund has a 31,3% cash position. It should be noted – as mentioned previously –that although it seems that the general stock markets are fully valued, we still are able to find deep value investment opportunities. But – in contrast to more than a year ago – we have to fish in deeper waters to spot potential investment opportunities.

Art, not a science

Investing is an art and not a science, a discipline in which you can always look back and conclude that you could have done it better. So despite our performance in 2009, it has been a challenging investment year in some respects, principally because of errors of omission. We have missed opportunities or otherwise not acted with sufficient aggressiveness in acquiring certain new positions. This is essentially due to our investment approach.

We always seek investment opportunities in which there is a wide spread between price and value and then complete sufficient research to obtain high conviction in our analysis. In the first half of last year, huge market volatility created, albeit temporary, a large number of opportunistic investment opportunities. We took advantage of some of these opportunities, but missed many more.

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Part of our failure to execute on these investment opportunities is the nature of our investment approach. Our conservative (do not read conventional) investment approach always focuses on a wide margin of safety. In light of the higher economic uncertainty, we were only satisfied with a discount range of 50% or more to the intrinsic value. While researching a series of investment opportunities prices started to move higher and subsequently we had to take a pass. Examples are plenty: Drillisch, Cintra, Horsehead Holding, etc.

While we are likely to underperform in a strongly rising market due to our approach, we expect our investment framework to significantly outperform over a full market cycle.

There are no investment heroes!

"If you sit by the river long enough, you'll see the bodies of your enemies float by."
- Japanse Proverb

It should be noted – as once stated a very long time ago by a very famous investor – that over a period of time there are going to be good and bad years. There is nothing to be gained by getting enthused or depressed about the sequence in which they occur.

There are no investment heroes (well, maybe one)! All we know is that over time sticking to a long term time horizon and using a value investing framework, we will be able to generate positive investment results. Unfortunately, value investing is simple, but not easy. Why? Because it requires (1) patience, patience, patience and more patience, (2) the right temperament, (3) discipline, and (4) and lots of reading and studying.

What hurts most non-professional investors is not understanding the nature of "the game". Investing is not a zero-sum game. For every winner, there are a lot of losers out there. There is someone on the other side of the tennis court who has the same (and more) information, is more skilled and does this as a full-time job. Non-professional investors (sometimes called retail investors) have a flawed perception about how markets work. We constantly have to question ourselves! Are we better (informationally and mentally) equipped than the legion of other market participants out there? Are we more dedicated and focused than the competition?

Trying to beat the market is like entering into an arena with Mr. Market (i.e. a multitude of investors, traders and what not). While others attempt to win every lap around the track, it is crucial to remember that to succeed at investing, you have to be around at the finish.

A balanced tool kit & a long bias

"If it's going to keep me awake at night, I am not going to go there."
- Warren Buffett

At the end of our first full year in existence, we thought it was a good time to re-iterate a few core principles.

By having a balanced investment framework based on a few core principles, the Fund remains flexible in allocating capital to the most promising opportunity set that presents itself.

- A flexible and long term mandate: As investment generalists we are able to look at opportunities across the entire investment spectrum. Moreover, the purity of the investment objective is paramount to strategically and prudently build absolute wealth for a family or organisation over a very long period of time. So we do not want to fit into a style box, or be distracted by anything but long term investing.

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- Concentration: We believe managing a concentrated portfolio is the best way to preserve capital and achieve superior returns over the long term. Concentration allows us to perform the type of research we think is necessary in order to truly understand a business or a macro investment theme, and hence to be highly selective about the Fund's investments. Our opportunistic style of investing allows us to patiently wait for investments with highly favorable risk-reward profiles and requisite margins of safety.

- Cash: Another advantage is the ability to maintain net cash in the absence of other opportunities. Most investment funds must be fully invested according to their mandate. An investment manager must then perhaps buy at a time that may not be opportune or sell at a time that is even less opportune. Sometimes just sitting by the river is the most opportune thing to do.

- Alignment of Interests: We eat our own cooking. The fund manager, whose responsibility is to protect capital, should not be exempt from the downside risk. Only in that context will intellectual honesty be restored to the institutional investment process, as the focus of investment managers shifts from playing the relative-performance game to maximizing returns under reasonable risk constraints.

The Fund will always have a long bias.

We never manage the fund to be market-neutral, nor do we attempt to protect or take advantage of short term market movements, because we think that we do not have a competitive advantage in doing so. We will always have a bias to invest capital in a set of investment opportunities that have a very small chance of permanent loss of capital, modest long term price downside and substantial opportunity for long term profit. We try to achieve this investment goal by (1) investing in business and industries which are slow moving (when it comes to change) and which we understand (we like to be able to explain our mistakes), by (2) always focusing on the margin of safety (discount to the assessment of intrinsic value), and by (3) looking for a specific catalyst (a catalyst will not always be there). The entire process is designed to help avoid permanent loss of capital while generating attractive long-term returns. Even so, if the market declines, most of our long investments would likely decline in price (although not necessarily in value).

Housekeeping and next update

It should be noted that the individual investor who subscribed during the year will have net returns that will be slightly different from the reported figures. An email will be sent out with the returns for those investors who subscribed during the year.

You should receive the next update at the beginning of April.

As always, please feel free to call or e-mail us with any questions or comments you have. And if you are in the neighbourhood, please let us know so we can take you out for lunch or dinner.

Thank you for your continued referrals, interest and support!

Best Regards,

The Tartaros Team

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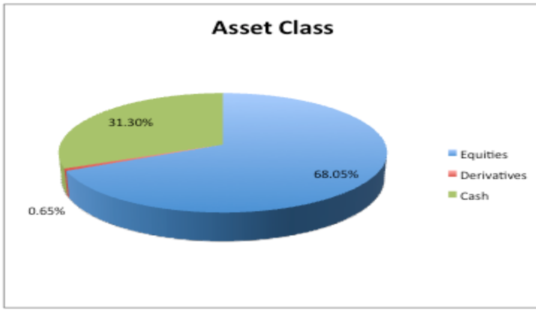
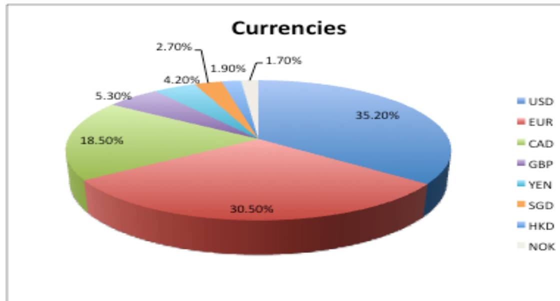
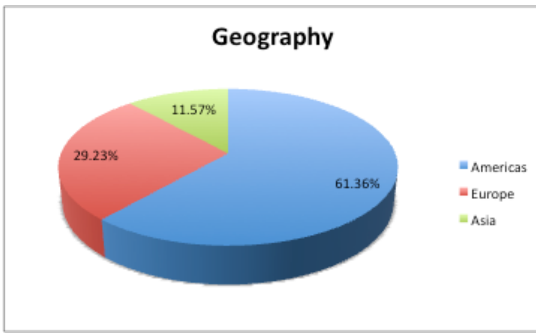
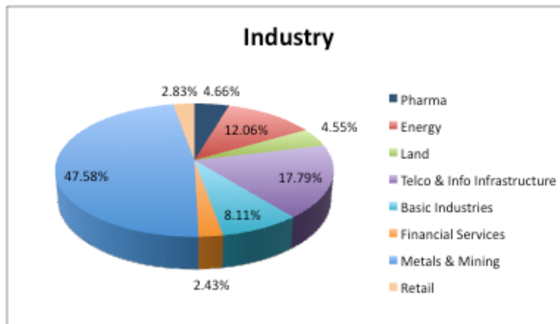
2 Fund Overview

2.1 General Overview (end of Q4 2009)









2.2 Fund Positions

We currently have no outright short positions and no leverage. We are invested long across 22 investment positions. The portfolio is invested in companies across a range of market capitalizations:

Market Capitalizations in USD	% of equities invested
> 5 Billion	14%
1< 5 Billion	23%
0,5 < 1 Billion	9%
< 0,5 Billion	54%

We sold out our position in Trigon Agri (2% of the Fund at the time of disinvestment) for a 70% return or a 76,74% annualized return, in Dolphin Capital Investors (1,25% of the Fund) at the break-even level, in RHJ (3,2% of the Fund) for a 47,44% return or 52,79% annualized return, in Sino-Forest (3,2% of the Fund) for a 47,55% annualized return, and in Copel (2,79% of the Fund) for a 54,7% annualized return.

It should be noted that all numbers are approximations.

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