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*Attorneys for Irving H. Picard, Trustee  
for the substantively consolidated SIPA Liquidation  
of Bernard L. Madoff Investment Securities LLC  
and the estate of Bernard L. Madoff*

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

SECURITIES INVESTOR PROTECTION  
CORPORATION,

Plaintiff-Applicant

v.

BERNARD L. MADOFF INVESTMENT  
SECURITIES LLC,

Defendant.

Adv. Pro. No. 08-01789 (SMB)

SIPA Liquidation

(Substantively Consolidated)

In re:

BERNARD L. MADOFF,

Debtor.

IRVING H. PICARD, Trustee for the Liquidation  
of Bernard L. Madoff Investment Securities LLC,

Plaintiff,

v.

BUREAU OF LABOR INSURANCE,

Defendant.

Adv. Pro. No. 11-02732 (SMB)

**DECLARATION OF TORELLO H. CALVANI IN SUPPORT  
OF THE TRUSTEE'S MEMORANDUM OF LAW IN  
OPPOSITION TO BUREAU OF LABOR INSURANCE'S  
MOTION FOR JUDGMENT ON THE PLEADINGS**

Torello H. Calvani hereby declares as follows:

1. I am a member of the Bar of this Court and an attorney at the law firm of Baker & Hostetler LLP, counsel to Irving H. Picard, Trustee (the "Trustee") for the substantively consolidated SIPA liquidation of Bernard L. Madoff Investment Securities LLC ("BLMIS") and the estate of Bernard L. Madoff.

2. As an attorney of record, I am fully familiar with this case. I submit this Declaration to the Court in support of the Trustee's opposition to Bureau of Labor Insurance's Motion for Judgment on the Pleadings.

3. Exhibits 1 through 24, attached hereto, are true and correct copies of the document as obtained by the Trustee from the following sources: (1) productions to the Trustee, (2) BLMIS's files, and (3) publically available sources.

4. The following exhibits are attached:

Exhibit 1: A Fairfield Greenwich Group ("FGG") presentation entitled, "The Firm and Its Capabilities," not dated (SECSEV0040051);

Exhibit 2: Private Placement Memorandum of Fairfield Sentry Limited, as of October 1, 2004 (SECSEV2348748);

Exhibit 3: Private Placement Memorandum of Fairfield Sentry Limited, as of August 14, 2006 (SECSEV3005218);

Exhibit 4: FGG New York, New York Floor Plan, revised April 23, 2007 (SECSEV2968041);

Exhibit 5: Fairfield Greenwich (Bermuda) Ltd. written resolutions of all Directors of the Company, dated September 14, 2004 (SECSEV0729553);

Exhibit 6: Email from FGG's Jeffrey Tucker to FGG personnel, subject line "RE: F Sentry Class B - \$1.5 Subscription - Please approve," dated August 26, 2003 (SECSEV1772566);

Exhibit 7: Email from FGG's Jeffrey Tucker to FGG personnel, subject line "RE: Investment from Crediinvest for May 1 \$6mm," dated May 6, 2005 (SECSEV0613197);

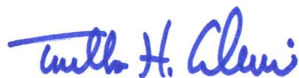
- Exhibit 8: Email from FGG's Jeffrey Tucker to FGG personnel, subject line "RE: Redemption Fairfield Sentry – late receipt for NAV Sep 30 – Dresdner Bank Lateinamerika AG," dated September 17, 2004 (SECSEV0604041);
- Exhibit 9: Email from FGG's Jeffrey Tucker to FGG personnel, subject line "RE: FW: Fairfield Sentry – redemption all shares i/n/o Multi-Strategy Fund – request to include also shs from NAV Jan 31, 2005," dated February 21, 2005 (SECSEV0742678);
- Exhibit 10: Email from FGG's Dan Lipton to FGG personnel, subject line "RE: FW: Sentry Cash Forecast," dated February 5, 2004 (SECSEV2138859);
- Exhibit 11: Letter from FGG's Jeffrey Tucker to BLMIS, New York, New York, Attn: Bernard L. Madoff, dated December 10, 2008 (SECSEV23243675);
- Exhibit 12: Notes from a meeting between Bernard L. Madoff, Frank Di Pascali, Walter Noel, Jeffrey Tucker, Mark McKeefry, and Amit Vijayvergiya (by phone) on October 2, 2008 at BLMIS's offices (SECSEV0033350);
- Exhibit 13: Email from FGG's Jeffrey Tucker to FGG personnel, subject line "RE: Sentry," dated March 24, 2006 (SECSEV0963565);
- Exhibit 14: Email from Victor Echevarria to Sixto Campano, subject line "FW: Meeting at Fairfield Greenwich Group New York (FGG)," dated March 3, 2003 (EFG\_Cap\_E-0007758);
- Exhibit 15: Email from FGG's Andrew Smith to FGG personnel, dated October 12, 2004 (SECSEV0695834);
- Exhibit 16: Email from FGG's Jeffrey Tucker to FGG personnel, subject line "RE: Fairfield Sentry Monthly Commentary Template Suggestion," dated March 31, 2003 (SECSEV1771902);
- Exhibit 17: Email from FGG's Amit Vijayvergiya to himself, subject line "Tear Sheet Production Process," dated July 21, 2003 (SECSEV0580779);
- Exhibit 18: Email from FGG's Laurence Birdsey to FGG personnel, subject line "FGBL files," dated August 7, 2006 (SECSEV0863707);
- Exhibit 19: An excerpt from Fairfield Sentry's BLMIS account opening documents (AMF00071583);
- Exhibit 20: Letter of Understanding between FGG's Robert A. Blum on behalf of Fairfield Greenwich Limited and EFG Private Bank S.A., dated July 15, 2003 (SECSEV0056365);
- Exhibit 21: An excerpt from Fairfield Sentry's BLMIS account opening documents (AMF00071631);

Exhibit 22: An excerpt from Fairfield Sentry's BLMIS account opening documents (SECSEV0033372);

Exhibit 23: An excerpt from Fairfield Sentry's BLMIS account opening documents (MS00867576); and

Exhibit 24: BLMIS trade confirmation addressed to "FAIRFIELD SENTRY LTD C/O FAIRFIELD GREENWICH GROUP" at its New York office, settlement date October 31, 2005 (SECSEV0009959).

Dated: June 9, 2015  
New York, New York



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# **Exhibit 1**

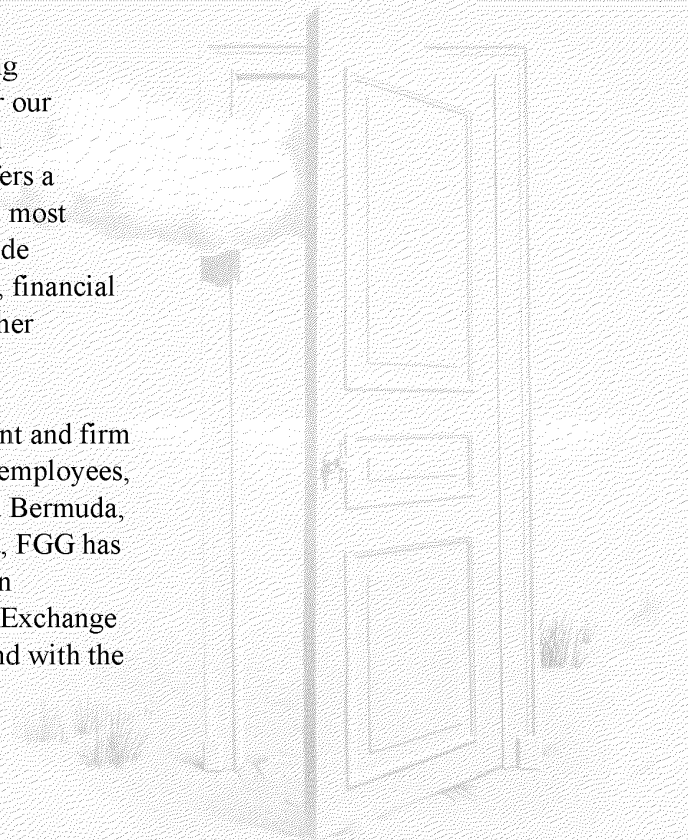
# FairfieldGreenwichGroup

THE FIRM AND ITS CAPABILITIES

## About FGG and its Clients

Founded in 1983, Fairfield Greenwich Group (“FGG”) is a leading alternative asset investment specialist. FGG’s mission is to offer our clients superior hedge funds and related products through a platform distinguished by a high level of client service and support. FGG offers a variety of single manager, multi-strategy, and fund-of-funds to meet most alternative investors’ needs. FGG markets its funds principally outside the U.S. to private banks, family offices, high-net-worth individuals, financial advisors, consultants, pension funds, government authorities, and other institutional investors, as well as tax-exempt U.S. entities.

As of August 2008, FGG has approximately USD \$16 billion in client and firm assets under management. It is an employee-owned firm with 140+ employees, 23 of whom are Partners, and has offices in New York, London, and Bermuda, and representative offices elsewhere in the U.S. and Europe. In Asia, FGG has registered a representative office in Beijing and has a joint venture in Singapore. FGG entities are registered with the U.S. Securities and Exchange Commission (“SEC”) as an investment adviser and broker dealer, and with the U.K. Financial Services Authority (“FSA”).



## FGG's History

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FGG's roots trace back to two distinct origins: one focused on direct management of hedged investment strategies; the other, on identifying and distributing appropriate hedge fund products for the firm's clients.

In 1983, FGG founder Walter Noel left Chemical Bank, having spent seven years establishing and building Chemical's international private banking arm, to start his own consulting firm to advise non-U.S. investors on opportunities in the U.S., whose markets were entering an expansionary period.

Mr. Noel began by placing money primarily with independent money managers, there being at the time few offshore hedge fund equivalents to the U.S. based limited partnerships popular with wealthy American investors. He sought and introduced to his client base several low volatility managers, as he believed from the start that a broad range of wealthy international investors were unwilling to tolerate even normal stock market declines, and therefore often shunned equities. In 1987, Jeffrey Tucker was engaged in the private practice of law, following a career with the SEC. In that year, Mr. Tucker helped start a limited partnership, the Greenwich Options Fund ("GOF"), to provide passive investors with access to the strategies of a successful arbitrageur and hedge trader who was also known to Mr. Noel. The low volatility and strong performance of GOF impressed Mr. Noel, who began to raise money for an offshore version of GOF, leading to the combination of active money management and distribution efforts, and the birth of the Fairfield Greenwich Group as it exists today.

GOF and its offshore counterpart flourished. By 1989 the combined funds had assets in excess of \$125 million. However, changing dynamics of the options markets resulted in a growing limitation in the capacity to comfortably manage the funds' market-neutral strategy. Accordingly, the partners embarked upon a program to outsource the excess capital to other alternative/non-traditional managers.

## FGG's History (Continued)

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The search for good managers and trading strategies included the pursuit of various investment styles and risk profiles, including the development and seeding of the split/strike conversion strategy in 1989 and the launch in December, 1990 of FGG's flagship single manager fund. As the 1990's progressed, FGG grew and began to raise large sums for its flagship single manager fund, as well as for several other in-house and outside investment strategies developed during the period. In 1997, the Littlestone Group, an independent firm founded by Andrés Piedrahita which had successfully marketed hedge fund products of FGG and other managers, merged with FGG, and Mr. Piedrahita became FGG's third founding partner.

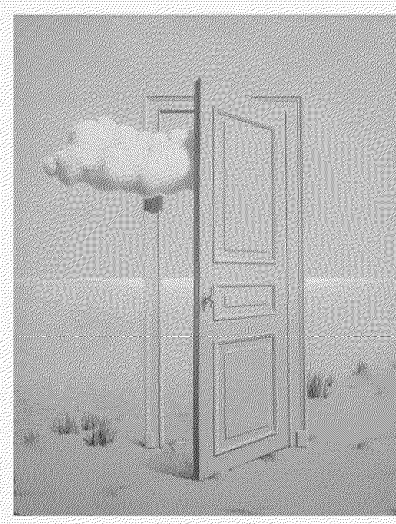
FGG has recognized the need to continue and accelerate the improvement of our skill sets and infrastructure, as both our industry and our clients have become increasingly sophisticated and their needs more complex. The entry of institutional investors and their familiarity with a variety of processes and risk measurement tools has contributed to this global and industry-wide trend. Heightened investor demand for alternative asset products has also led to increased regulatory oversight and important changes to applicable laws in many jurisdictions. Consequently, FGG has continued to make significant investments in further developing its capabilities in investment management, structured product creation, risk monitoring, operational, technological, legal/compliance, client service, and communications infrastructure.

## Investment Approach

The principal focus of FGG's core funds is to deliver returns with low relative volatility, uncorrelated to broad market indices. Capital preservation and portfolio liquidity are primary objectives. To facilitate risk monitoring and portfolio optimization, as well as more effective client servicing and marketing support, FGG obtains full portfolio transparency from those single fund managers it includes in its multi-strategy products. We seek to align our interests more fully with those of our clients by investing a significant portion of our own shareholders' capital with our managers.

For those clients who require alternative investments whose characteristics depart from those of our core funds, FGG also offers a number of single manager and fund-of-funds products with more aggressive volatility, leverage, and other parameters; these vehicles are intended to complement investments in FGG's core funds and are selected and managed with the same level of care and professionalism as all FGG products.

In addition, FGG continues to explore investment ideas in other areas, such as real estate and private equity, as the hedge fund industry continues to evolve and our clients seek investment opportunities complementary to those currently offered by FGG hedge funds.



“The secret of all victory lies in the organization of the non-obvious.”

MARCUS AURELIUS (121–180)

RENÉ MAGRITTE (1898–1967)  
La Victoire, Private Collection

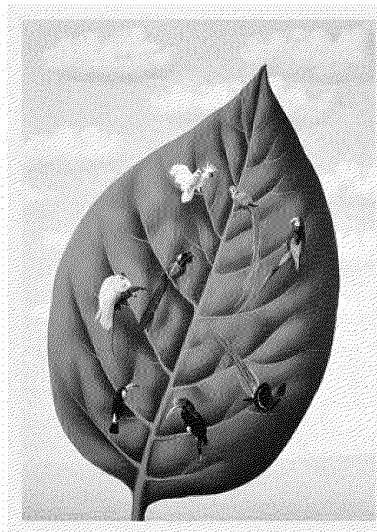
## Global Marketing and Product Support

### Extensive and Experienced Localized Client Support

Fairfield Greenwich Group views global marketing, client service, and product support as an integral part of our alternative asset management platform. FGG's experienced client services and product support teams complement our sales and marketing efforts to provide relationship-focused, comprehensive attention to all of our clients. FGG provides local, on-the-ground marketing, client service, and product support resources to serve our investors in the locales and markets where they do business, on their terms. Our business practices are based on a deep understanding of home market issues and the special needs and challenges that each may present.

Dedicated, experienced FGG personnel provide:

- Daily client interaction with in-depth understanding of hedge fund products
- Assistance in global business development initiatives
- Customized due diligence reporting
- Facilitation of investment procedures in coordination with fund administrators
- Proficient knowledge and management of Know Your Customer (KYC) policies
- High levels of post-sale attention, particularly with respect to performance reporting and investment reviews



“Not the maker of plans and promises, but rather the one who offers faithful service in small matters. This is the person who is most likely to achieve what is good and lasting.”

JOHANN WOLFGANG VON GOETHE (1749–1832)

RENÉ MAGRITTE (1898–1967)  
The Third Dimension, Private Collection

FairfieldGreenwichGroup

## Global Marketing and Product Support (Continued)

### Locations

Fairfield Greenwich Group is a global organization with offices in New York, London, and Bermuda, and representative offices elsewhere in the U.S., Europe, and Asia, as well as a joint venture in Singapore. Local operating entities are authorized or regulated by a variety of government agencies, including Fairfield Greenwich Advisors LLC, Fairfield Greenwich (Bermuda) Ltd., both U.S. SEC registered investment advisers, Fairfield Heathcliff Capital LLC, a U.S. Financial Industry Regulatory Authority ("FINRA") member broker-dealer (<http://www.finra.org>), and Fairfield Greenwich (UK) Limited, authorized and regulated by the Financial Services Authority in the United Kingdom.

#### **NEW YORK Office**

Fairfield Greenwich Advisors, LLC  
55 East 52nd Street  
33rd Floor  
New York, NY 10055  
Tel: (212) 319-6060  
Fax: (212) 319-0450  
E-mail: [fairfieldfunds@fggus.com](mailto:fairfieldfunds@fggus.com)

#### **LONDON Office**

Fairfield Greenwich (UK) Ltd.  
Pollen House  
10-12 Cork Street  
London W1S 3NP  
Tel: +44 20 7534 9244  
Fax: +44 20 7534 9245  
E-mail: [main@fgguk.com](mailto:main@fgguk.com)

#### **BERMUDA Office**

Fairfield Greenwich (Bermuda) Ltd.  
Suite 606  
12 Church Street  
Hamilton, Bermuda HM11  
Tel: (441) 292-5401  
Fax: (441) 292-5413  
E-mail: [main@fggbm.com](mailto:main@fggbm.com)

#### **Additional Locations and Representative Offices:**

- Greenwich, CT, and Miami, FL, USA
- Madrid, Spain
- Lugano, Switzerland
- Geneva, Switzerland
- Beijing, China
- Joint Venture: Singapore

## Investment Philosophy

For over 25 years, FGG's focus has remained the pursuit of good risk-adjusted returns through prudent, long-term investing in alternative asset funds that seek genuine hedging and low correlation to broader markets, and maintain capital preservation as a core long-term tenet. Our investors have benefited from our approach of developing close relationships with managers who adhere to our relatively conservative investment philosophy. Our investment philosophy requires that FGG Multi-Strategy funds, and the Single Manager funds of which they are composed, adhere to the following principles:

### Full Transparency

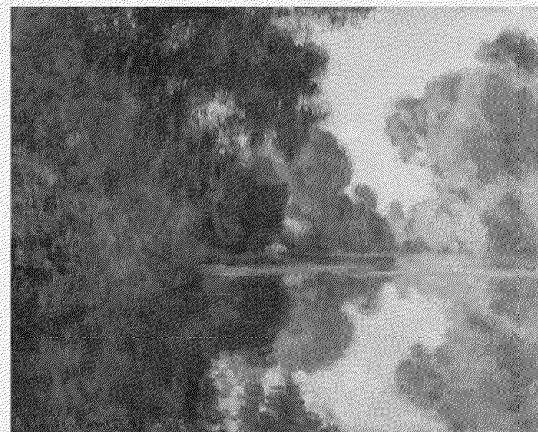
– *To securities level, for FGG portfolio analysis and risk monitoring*

Transparency provides FGG the ability to ensure that portfolio managers are complying with strategy-specific investment limitations, and to better understand and monitor changes in their investment behavior in changing markets, as well as to better construct our multi-strategy funds

### Liquid Portfolios

– *Well positioned to offer monthly or quarterly investor liquidity*

Liquid portfolios are important to help protect the portfolio in volatile markets, permitting redemption liquidity with less disruption, and also removing or greatly reducing many of the pricing issues that can create significant risks.



“Philosophy is not a body of doctrine  
but an activity.”

LUDWIG WITTGENSTEIN (1889–1951)

CLAUDE MONET (1840–1926)

Morning on the Seine, near Giverny, 1897, Private Collection

## Investment Philosophy (Continued)

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### Low Correlation

– *To broader markets and other FGG Managers*

FGG funds seek genuine low correlation to the broader markets and the ability to capture actual Alpha.

### Low Relative Leverage

– *At manager level and portfolio level*

Leverage may increase returns, but it also increases risk and volatility, and reduces the manager's margin of error. If leveraged, FGG's core funds generally use leverage toward the lower end of the risk continuum for their strategy; managing leverage risk is a key concern of our ongoing monitoring.

### Low Volatility

– *Relative to other funds in the asset class*

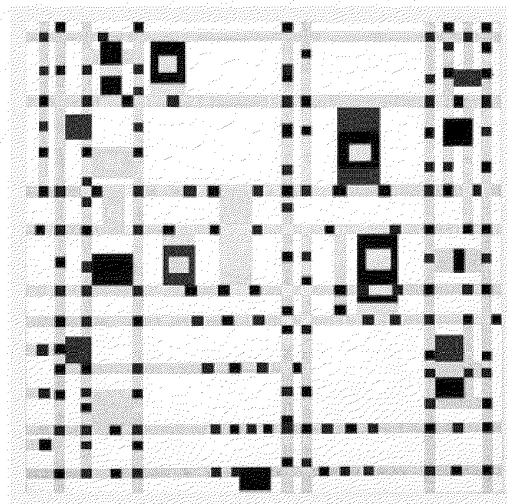
FGG funds have a strong history of delivering smoother, more moderate returns over time, rather than the higher volatility/higher "surprise" potential that typically accompanies a more aggressive investment strategy.

## Multi-Strategy and Fund of Funds Portfolio Construction

The FGG Single Manager funds included in our Multi-Strategy funds are managed by FGG or by one of the select external fund managers with which FGG has entered into a comprehensive relationship and enjoys full, security-level transparency for risk monitoring and portfolio optimization purposes. These single manager funds are offered individually to clients, and include established, industry-leading hedge fund managers, as well as newer vehicles wherein FGG provides seeding and incubation capabilities. From these products FGG constructs and manages both multi-strategy funds and traditional fund of funds to meet the needs of our investors.

*All managers adhere to the tenets of FGG's capital preservation investment philosophy*

*FGG's Multi-Strategy funds* are actively managed portfolios of hedge funds that allocate capital to Single Manager hedge funds on our platform. With systematic, tested procedures to assess risk qualitatively and quantitatively, significantly lower fees than most traditional fund of funds, FGG's secured capacity, and our operational oversight, these funds are, for many investors, a valuable alternative to traditional fund of funds.



“Wealth is in applications of mind to nature; and the art of getting rich consists not in industry, much less in saving, but in a better order, in timeliness, in being at the right spot.”

RALPH WALDO EMERSON (1803–1882)  
*Conduct of Life, 1860, revised 1876*

PIET MONDRIAN (1872–1944) *Broadway Boogie Woogie*,  
1942–43, Oil on canvas, The Museum of Modern Art, New York

## Multi-Strategy and Fund of Funds Portfolio Construction (Continued)

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*Strategies may vary considerably within investment category*

FGG's *Fund of Funds* are structured for investors who seek a diversified allocation to some of the industry's most successful and exclusive hedge fund managers – including managers on the FGG platform – but who do not seek the complete transparency available in FGG's Multi-Strategy products and core Single Manager funds. FGG provides superior access to these proven, world-class managers, seeking best-of-breed funds in each category, as well as identifies emerging managers who we believe will add value across the spectrum of strategies which compose our Fund of Funds products. Utilizing FGG's rich knowledge of the hedge fund industry, we construct, manage, and optimize our Fund of Funds products with a variety of qualitative and quantitative analyses.

Various hedge fund styles respond to changing market conditions in different ways. To reduce exposure to changing market conditions, FGG allocates to a variety of investment styles. Portfolio construction is initially driven by our bottom-up manager evaluation process. The size of each allocation may vary according to the market environment and the opportunities available to each style. FGG manages inter-strategy allocations based upon the individual risk/return profiles of each underlying manager.

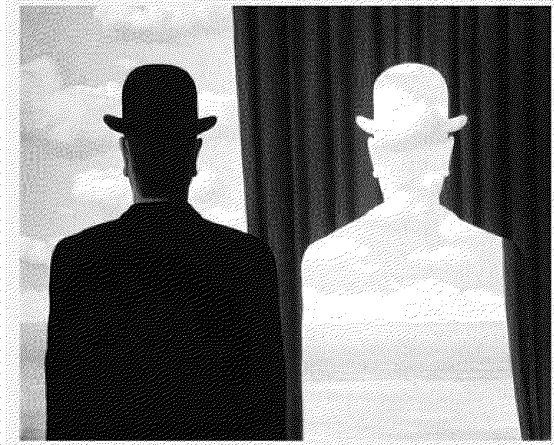
## Manager Selection

### Our Platform

FGG accepts onto its platform only those managers who have passed through a far-reaching and rigorous selection and due diligence process. Monitoring and managing our carefully chosen and structured products is the ongoing duty of FGG's investment, risk, and operational professionals.

### Sourcing and Initial Assessment

In the course of each year, FGG assesses hundreds of potential managers who come to our attention through our extensive network of colleagues, direct contacts, and referrals, as well as through reverse inquiry. The 25+ year history of our firm, the experience and relationships built up by our team in the industry, our large and steadily growing asset and client base, and our global presence make FGG an increasingly attractive partner for many top hedge fund managers.



“Ideas are a capital that bears interest only in the hands of talent.”

ANTOINE RIVAROL (1753–1801)

RENÉ MAGRITTE (1898–1967)  
Décalcomanie, 1966, Private Collection

## Manager Selection (Continued)

FGG begins qualitative and quantitative reviews of a manager's past performance as well as a series of manager interviews, questionnaires, and reference calls. Through this process, a preliminary assessment is made of a manager's business and investment practices. Particular attention is paid to the extent to which each manager's controls are reasonably suited to maintain operational, market, and credit risks at an appropriate level and as represented by the manager. During this period, FGG personnel also have an opportunity to evaluate a manager's professional attitudes and instincts, and to evaluate the team's investment "thought processes."

A small number of managers who pass through this basic screening process are considered for further, significant investigation. Some do not progress beyond this stage; some are placed on a watch list for further monitoring. Data covering all reviewed managers are maintained in FGG's proprietary database.

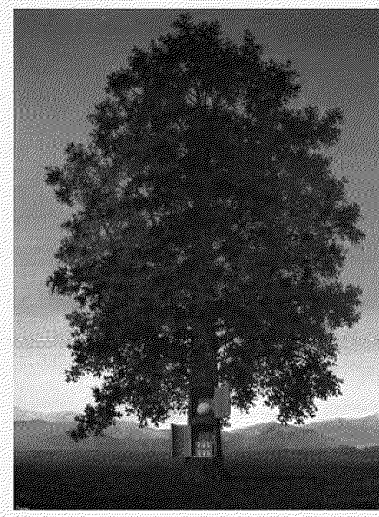
## Detailed Due Diligence

Once a manager has passed FGG's initial review phase, a more detailed investigation begins. The qualitative and quantitative reviews cover people, processes, portfolios and procedures. A number of areas of inquiry are examined by a team of FGG professionals who specialize in evaluating respective areas of risk. Analysis of portfolio composition, portfolio stress testing, risk management, asset verification, peer group comparison, operational and compliance procedures, information technology, and a review of offering documents and financial statements are among the areas of examination. This detailed due diligence phase is extremely labor intensive for both internal FGG resources and the external consultants we may retain to assist in a technical aspect of due diligence. Typically, a manager may be investigated and monitored for many months before that firm is accepted onto the FGG platform. A long analysis period reduces the risk of miscommunication and enables FGG to be more confident of its decisions before proceeding with a manager.

Areas of examination are centered around the following:

### **Portfolio Evaluation, Investment Performance, and Financial Risks**

*FGG's due diligence process is deeper and broader than a typical fund of funds, resembling that of an asset management company acquiring another asset manager, rather than a passive investor entering a disposable investment.*



“There is great enlightenment where there has been great wonder.”

MUSO KOKUSHI (ALSO CALLED SOSEKI) (1275–1351)

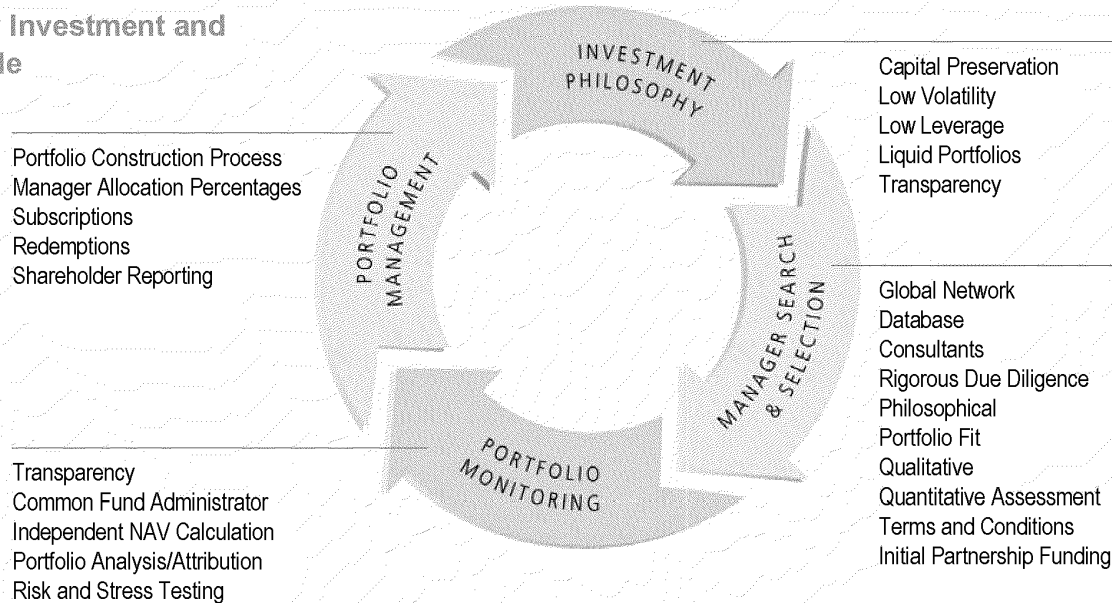
RENÉ MAGRITTE (1898–1967)

The Tree, Museum Moderner Kunst, Vienna, Austria

## Detailed Due Diligence (Continued)

FGG seeks to dissect a candidate manager's investment performance, how they generate alpha, and what risks are taken in doing so. In recognition of the fact that portfolio management and risk management incorporate elements of both art and science, FGG applies both qualitative and quantitative measures in this process. Particular focus is given to identifying and understanding various elements of the manager's investment process and strategy-specific financial risk. Ascertaining whether the candidate's fund's performance and volatility are consistent with objectives for that fund is also an area of focus. Independent prime broker trading records are examined and detailed interviews are conducted in order to allow FGG to better understand the manager's methodology for forming a market view, and for selecting and exiting positions.

### FGG's Ongoing Investment and Monitoring Cycle



## Detailed Due Diligence (Continued)

FGG attempts to understand the return attribution for individual securities in the portfolio, and conducts a full suite of VaR analyses and stress tests to model the loss distribution function under extreme market scenarios. Style fidelity is another key area of inquiry at this stage. By carefully examining the manager's trading pattern over time and through various market environments, FGG determines whether the manager is prone to trade outside of their area of expertise.

Hedge fund strategies exhibit intrinsic alphas and FGG spends considerable effort evaluating capacity issues, which may affect alpha, as well as expected opportunities going forward within each candidate's strategy. Market risk is evaluated both at the instrument and portfolio level.

To the extent that leverage is used by a manager, FGG carefully assesses how it is used, the funding sources, and the impact on the risk profile of the fund. The analyses conducted include examinations of manager value-added, alpha vs. beta, risk factor decomposition, performance persistence, style fidelity, peer group and index comparisons, liquidity and leverage, and risk attribution.

### Structural and Operational Risk

Structural and operational risks exist to varying degrees in all hedge funds. "Operational risk" refers to the risk of loss resulting from inadequate or failed internal processes, human resources, or systems, or from external events. Operational failures, including misrepresentation of valuations and outright fraud, constitute a majority of instances where massive investor losses occur. Other operational risks include staff processing errors, technology failure, and poor data. The inadequacy or lack of independence or transparency of valuation procedures, contingency plans, and other trading and settlement procedures may cause FGG to reject an otherwise appealing manager.

FGG seeks a sound understanding of whether a hedge fund possesses key controls in the areas of portfolio management, conflicts of interest, segregation of duties, and compliance. FGG carefully assesses the controls and procedures that managers have in place and seeks to determine actual compliance with those procedures, often suggesting modifications, separation of responsibilities, and remedial service provider, technology, or staff additions.

## Detailed Due Diligence (Continued)

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### **Legal, Compliance, and Regulatory Risk**

The legal due diligence process primarily employs the expertise of lawyers, with the aid of accountants, specializing in investment management regulation, compliance, corporations, and tax. Hedge fund managers function within an ever more complex legal and regulatory landscape. The role of this part of the diligence exam is to determine the seriousness of any deficiencies in this area which may cause risk of sanction, loss, or reputational embarrassment. This is becoming an increasingly critical area of hedge fund manager review as a result of increased regulation.

### **Personal Background Investigation**

FGG thoroughly examines the abilities and personalities of the individuals involved in managing the fund through extensive interviews, as well as professional background investigations.

Following a review and weighing of the myriad of factors and conclusions that are examined in the due diligence process, the Investment Team presents a proposal to FGG's Executive Committee. FGG's Executive Committee makes a determination as to whether to enter into a relationship with the manager. At this point, FGG's professionals possess a level of understanding of the manager's business that greatly facilitates ongoing monitoring.

## Ongoing Risk Monitoring and Oversight

Once FGG begins a relationship with a manager and brings their fund to market, FGG's due diligence process evolves into a similarly multi-faceted risk monitoring function. FGG's deep, ongoing joint venture relationships with its managers greatly facilitate communication and a continuing dialogue with managers, and thereby enhance the effectiveness of FGG's manager review process. Simply stated, the purpose of this ongoing activity is to ensure that the fund continues to follow its investment methodology – and constraints – and otherwise acts in accordance with the operational and risk framework that was approved during the due diligence phase. Any divergences are discussed with the manager and addressed or resolved; on several occasions, the arrangement with a manager has been terminated as a result of findings arising from this ongoing review and analysis.

Independent information sources aid FGG's review of portfolios, and FGG discusses each portfolio with its portfolio manager each month.

FGG also utilizes a number of sophisticated third-party and internal quantitative measurement tools to monitor the performance of its managers.

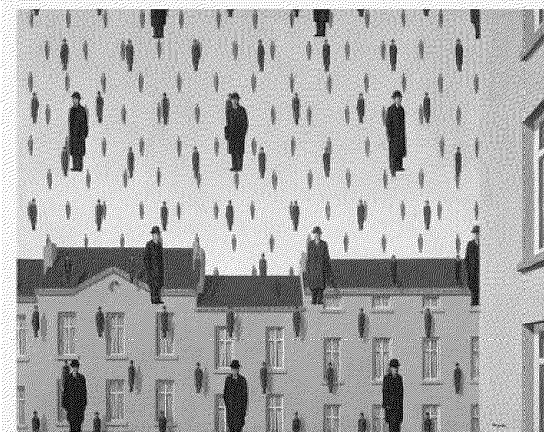


## Our Team

Under the leadership of its Partners, FGG has built a team of professionals who specialize in product development, risk management, marketing, operations, compliance, and client services on a global basis.

### Partners

**Walter Noel, Jr.**, a Founding Partner of FGG in 1983, continues with his long-time partners, Jeffrey Tucker and Andres Piedrahita, to oversee all of the firm's activities. He is a member of FGG's Board of Directors, serves as a Director for many FGG funds and management company entities, and has focused on marketing and the client side of the business. Prior to FGG, he was a Senior Vice President for seven years at Chemical Bank where he headed the International Private Banking Department. He worked as a Vice President in a similar area at Citibank from 1974 to 1977. He began his international private banking career as President from 1972 to 1974 of Bahag Banking, Lausanne, Switzerland. Earlier, for twelve years, Mr. Noel was a consultant in the Management Services Division of Arthur D. Little, Inc. He received a Bachelor of Arts degree from Vanderbilt University in 1952, a Master of Arts in Economics from the Harvard Graduate School in 1953, and an LL.B from the Harvard Law School in 1959. He is based in the Greenwich office.



“Let the beauty we love  
be what we do.”

JALALUDDIN RUMI (1207–1273)

RENÉ MAGRITTE (1898–1967)

Golconde, 1953, Menil Collection, Houston, Texas, USA

## Our Team (Continued)

**Jeffrey Tucker** is a Founding Partner of FGG and is a member of FGG's Board of Directors, directing the firm's business and operations activity. He also serves as a Director for many FGG funds and management company entities. Prior to FGG, he was a General Partner of Fred Kolber & Co. L.P. ("FKC"), a broker-dealer that merged with FGG in 1989, where he helped develop an options trading fund. From 1978 to 1987, he was a Partner in the law firm of Tucker, Globerman & Feinsand P.C., where he specialized in advising on direct participation offerings and limited partnership interests. Mr. Tucker began his career in the Securities and Exchange Commission's Division of Enforcement in 1970 and became Assistant Regional Administrator of the New York Regional Office in 1975. Mr. Tucker received his Bachelor of Arts degree from Syracuse University in 1966 and his Juris Doctor degree from Brooklyn Law School in 1969. He is based in the New York office.



“Only when all contribute their firewood  
can they build up a strong fire.”

CHINESE PROVERB (ANONYMOUS)

JOSEPH CORNELL (1903–1972)

Planet Set, Tête Etoilée, Giuditta Pasta (dédicace), 1950  
Tate Gallery, London, Great Britain

## Our Team (Continued)

**Andrés Piedrahita** is a Founding Partner of FGG with over 24 years experience in the investment business. He is also is a member of FGG's Executive Committee, and serves as a Director for many FGG funds and management company entities. He founded Littlestone Associates in 1991 where he was owner and CEO. In 1997 Littlestone merged with Fairfield Greenwich Group, where Mr. Piedrahita has remained. He is currently responsible for FGG's European and Latin American activities and is based in London and Madrid. Prior to Littlestone, Mr. Piedrahita worked as a Financial Consultant at Prudential Bache Securities Inc. (1981 to 1987). He was then Vice President of Shearson Lehman Hutton from 1987 to 1990. Mr. Piedrahita received his Bachelor's Degree from the Boston University School of Communications.

**Lourdes Barreneche**, Partner, is an international sales specialist with extensive experience in developing markets in Latin America, Europe, and the Far East for FGG's offshore funds. With more than 15 years of experience in the investment management business, Ms. Barreneche has coordinated FGG's sales efforts and played a leading role in developing "best practices" for marketing and business development of FGG funds to offshore clients in Latin America, Spain, Portugal, and Switzerland. Ms. Barreneche also plays an important role in supporting FGG's relationships with non-profit organizations. Prior to joining Fairfield Greenwich Group, Ms. Barreneche partnered with Littlestone Associates (1991 to 1997) in the marketing of its investment funds. Ms. Barreneche has previously worked at Merrill Lynch (1987 to 1990) in New York in their International Private Banking Group for Latin America and Caribbean markets. She received her Master's degree in Politics and Economics from New York University. Ms. Barreneche holds FINRA Series 7 and 63 licenses, and is based in the New York office.

**Cornelis Boele**, Partner, oversees the marketing efforts of the offshore funds of FGG in the Benelux region and markets throughout Europe. Mr. Boele has over 15 years of marketing experience in the investment management business. Prior to joining FGG, Mr. Boele partnered with Littlestone Associates in the marketing of its funds (1991 to 1997). He was responsible for structuring and raising assets for a multi-strategy program which is now known as the Fairfield Investors (Euro) Ltd. Mr. Boele continued these efforts with the Fairfield Greenwich Group. Mr. Boele previously worked at the United Nations Development Program (1988 to 1990). He received his Bachelor of Arts degree from Clark University. Mr. Boele holds FINRA Series 7 and 63 licenses, and is based in the New York office.

## Our Team (Continued)

**Matthew C. Brown**, Partner, heads the Fairfield Antara team and has responsibilities which primarily include managing the third party platform and global business development. Prior to FGG, from 2001 to 2005, Mr. Brown was the founder and Managing Principal of Brownstone Advisors, a New York-based alternative investment firm specializing in identifying and investing in hedge funds. Prior to Brownstone, from 1995 to 2001, Mr. Brown was the co-founder and Managing Principal of Brown Simpson Asset Management, an alternative investment firm focusing on investing in and supporting small US-based technology and biotechnology companies. Mr. Brown began his career in 1991 at Shearson Lehman Brothers, where he managed equity and fixed income portfolios for both institutions and private clients. After that firm's merger with Travelers Group, Mr. Brown remained with Smith Barney Shearson until starting his own firm in 1995. Mr. Brown received his Bachelor of Arts from St. Mary's College in San Francisco, California in 1991. Mr. Brown's affiliations with charitable and philanthropic organizations include: member, Board of Trustees of The Boys Club of New York; member, Global Advisory Board of Endeavor, for which Mr. Brown also serves as an Endeavor Ambassador and a member of the Country Boards for both South Africa and Turkey; member, U.S. Advisory Committee for the Global Leadership Foundation (GLF). Mr. Brown holds a FINRA Series 7 license, and is based in the New York office.

**Yanko Della Schiava**, Partner, markets FGG's offshore funds throughout Southern Europe from his base in FGG's Lugano representative office. He joined FGG in 1999 after 16 years as Managing Director for two Italian textile firms, Sisan S.p.a., in Milan, and Ratti S.p.a. in Como, supervising both firms' marketing and operations. He is a native of Italy.

**Vianney d'Hendecourt**, Partner, markets FGG's offshore funds throughout Europe, concentrating on France, Belgium, and Luxembourg. He has over 19 years experience in capital markets. Prior to joining FGG in 2004, he was at BNP Paribas in London, where he served as head of BeLux and co-head of Netherlands for structured credit coverage. From 1996 to 2001, he was employed by Nomura International in London as head of French and BeNeLux coverage for fixed income. From 1993 to 1996, he served as CSFB London office's head of French/BeLux Fixed Income Sales, working with government securities, swaps, options, and structured products. Prior to that, Mr. d'Hendecourt was employed by Lehman Brothers in London in their fixed income sales area as head of French/BeLux sales, and by UBS in London, where he worked in fixed income sales to France, Belgium, and Luxembourg, and specialized in Eurobonds. He holds a Bachelor of Business Administration degree from European University in Antwerp (Belgium). Mr. d'Hendecourt is based in the London office.

## Our Team (Continued)

**Harold Greisman**, Partner, focuses on evaluating alternative asset investments and managers. He has over 20 years of experience in the investment business. Prior to joining FGG in 1990, Mr. Greisman was an Associate in the Capital Markets Group of Continental Bank (1984-1985) and then was a Vice-President for DNB Capital Corporation (1985-1990), a proprietary private equity & venture capital operation controlled by Den Norske Bank. He began his career at Johnson & Higgins, a large industrial insurance brokerage (1978-1982). Mr. Greisman received his Bachelor of Arts degree from Tufts University and his MBA degree from the Stern School of Business at New York University. He is based in the New York and London offices.

**Jacqueline Harary**, Partner, markets FGG funds worldwide, with a focus on Latin America. With more than 16 years in the investment management business, Ms. Harary's role combines sales responsibilities with manager selection/product development projects. She also coordinates FGG's relationships with charitable and non-profit organizations. Ms. Harary joined FGG in 1997 as part of the merger with Littlestone Associates. In prior years, Ms. Harary was responsible for the House Accounts Division at FAIC Securities (1986 to 1991). Ms. Harary received her Bachelor of Arts degree from Oglethorpe University. Ms. Harary holds FINRA Series 7 and 63 licenses, and is based in the New York office.

## Our Team (Continued)

**David Horn**, Partner, is FGG's Chief Global Strategist and also serves on the firm's Board of Directors. Prior to joining FGG in 2008, Mr. Horn was a leading executive in the institutional and private wealth management industry for over 38 years. From 1993 to 1999, he was the co-Founder and Chief Executive Officer of Graystone Partners, a \$4.4 billion AUM investment management consulting firm which was purchased by Morgan Stanley in 1999. Graystone specialized in selecting investment managers across all investment disciplines, from private equity and real estate to hedge funds and fund of funds for the investment portfolios of ultra-high-net-worth families. Following the purchase of Graystone by Morgan Stanley, from 1999 to 2005, Mr. Horn was a Managing Director at Morgan Stanley and the Head of Global Private Client Marketing and Global Senior Relationship Management for the firm's largest private clients, sitting on the Private Wealth Management Executive and Operating Committees, as well as on the firm's Alternative Manager Selection Due Diligence Committee. Prior to the founding of Graystone Partners, from 1992 to 1993, Mr. Horn was Senior Executive Vice President of Bessemer Trust Company, where he served in the Office of the President, working on institutional and private client accounts. Before that, from 1989 to 1992, he served as Senior Vice President of the Northern Trust Company, responsible for trust, investment, and technology services offered to very wealthy individuals and families as the founder of the company's Wealth Management Group. Prior to that at Northern Trust, Mr. Horn was responsible for all U.S. sales and marketing of trust and investment services. From 1983 to 1989, Mr. Horn was Principal and Branch Manager of Morgan Stanley's Chicago office where he developed and managed individual investors services for the greater Chicago market and nine contiguous states. Mr. Horn earned a B.A. in history at Stanford University and a J.D. with honors from Kent College of Law, Chicago. He was a Trustee of the Illinois Institute of Technology and served as the Chairman of the Board of Chicago Kent College of Law from 1988-1999. Mr. Horn has been Honorary Director of the Chicago Investment Analysts Society, and he also served as a member of the Advisory Board of Graystone Venture Partners and as an Advisory Director of the Guggenheim Realty Fund. He holds FINRA Series 7, 63, and 65 licenses and is based in the New York office.

**Richard Landsberger**, Partner, is responsible for business development and general management issues in Europe and Asia and directly markets products to a global institutional client base. He is also a member of FGG's Executive Committee and a Director of Fairfield Straits Lion Asset Management Limited, the Singapore-based joint venture of FGG and Straits Lion Asset Management Limited. He has over 20 years of experience in capital markets. Prior to joining FGG in 2001, Mr. Landsberger was Managing Director of Fixed Income Sales at PaineWebber (1993 to 2000). He was previously Managing Director and Head of Fixed Income Government Trading & Sales at Citicorp Securities (1989 to 1992). Mr. Landsberger received his Bachelor of Arts degree from Boston University and his Master of Business Administration Degree from Cornell University. He is based in the London office.

## Our Team (Continued)

**Daniel Lipton**, Partner, serves as FGG's Chief Financial Officer; he also assists in managing FGG's operations. He joined FGG in 2002 after nine years at Ernst & Young, where he was a Senior Manager in the Financial Services Assurance and Advisory Business Services Department, in charge of auditing and consulting engagements, specializing in alternative assets, private equity, venture capital, and domestic and offshore funds. Mr. Lipton has also taught seminars on financial products and hedge funds. He received his Bachelor of Arts degree in Economics from Tufts University and his Master of Business Administration dual degrees in Accounting and Finance from New York University's Stern School of Business; he is also a Certified Public Accountant.

**Julia Luongo**, Partner, is FGG's **Assistant General Counsel - Tax Director**. She joined FGG in 2004 after five years at PricewaterhouseCoopers, where she was Manager of the International and Offshore Funds Team, a developing international tax and regulatory consulting team in the Financial Services Industry Practice. Prior to that, Ms. Luongo was law clerk to the Honorable Murry D. Brochin, New Jersey Appellate Division. Ms. Luongo received her Bachelor of Business Administration Degree in Accounting from Loyola College, her Juris Doctor degree from Seton Hall University, magna cum laude, where she was an associate editor of the Law Review, and her Masters of Law in Taxation from New York University. Prior to attending law school, she worked as a certified public accountant in charge of auditing, consulting, and tax engagements. Ms. Luongo is a Certified Public Accountant and is admitted to the bars of New Jersey and New York. She is based in the New York office.

**Mark McKeefry**, Partner, is the Chief Operating Officer and General Counsel for FGG. He joined FGG in 2003, after eight years in private practice in New York and California, where he advised broker-dealers and investment advisors on regulatory and compliance issues for onshore and offshore funds. He serves as a director for many FGG funds and management company entities. He is also a member of FGG's Executive Committee. He is the author of several articles on hedge fund compliance issues and investment advisor trading practices. Mr. McKeefry received his Bachelor of Science degree from Carnegie Mellon University and his Juris Doctor degree from Fordham University, where he was a member of the Law Review. Prior to attending law school, he was a professional engineer, licensed by the State of California as a civil engineer. Mr. McKeefry holds FINRA Series 7, 24, 63, 3, and 65 licenses, is admitted to the bars of California and New York, and is based in the New York office.

## Our Team (Continued)

**Maria Teresa Pulido Mendoza**, Partner, is FGG's Head of Global Sales. She has over 17 years of experience in private banking, investment banking, and management consulting. Prior to joining FGG in 2007, from 2003 to 2007, Ms. Pulido Mendoza was Managing Director and Global Market Manager at Citi Private Bank with management responsibilities for the Iberia and Northern European regions. Prior to Citi, from 2000 to 2003, she focused on developing the Global Wealth Management group for Deutsche Bank in Europe and managing the integration of Bankers Trust with Deutsche Bank. From 1996 to 2000, Ms. Pulido Mendoza managed the New York sales force and supported the business strategy for the U.S. business at Banker's Trust and later at Deutsche Bank. Before her experience in wealth management, she worked from 1994 to 1996 in investment banking at James D. Wolfensohn Inc. and in management consulting at McKinsey & Company from 1989 to 1994, working on various strategy and operational performance projects in the U.S. and in Venezuela. Ms. Pulido Mendoza received her M.B.A., Magna Cum Laude, from MIT Sloan School of Management in 1989 and her Bachelor of Arts in Economics, Cum-Laude, from Columbia University in 1988. She is a member of the Dean's Advisory Council of the MIT Sloan School of Management. Ms. Pulido Mendoza also has strong interests in philanthropic efforts and is a Board Member of the Mendoza Foundation in Venezuela. She is based in the Madrid office.

**Charles Murphy**, Partner, is a member of FGG's Executive Committee and is responsible for strategy and capital markets business for the firm. He has over 20 years of banking experience, most recently from 2005 to 2007 as co-Head of the European Financial Institutions Group at Credit Suisse. From 2001 to 2005 he was at Deutsche Bank as Head of European Financial Institutions. From 2000 to 2001, he was a founder and CFO of Antfactory, an Internet incubator. Mr. Murphy was with Morgan Stanley through the 1990's, having moved from New York to London in 1993, as Head of the European Financial Institutions Group until 2000. He started his career in 1985 as an Associate in Corporate Finance at Goldman Sachs in New York, joining their financial institutions group in 1987. Mr. Murphy has a JD degree from Harvard Law School (1985), an MBA from MIT's Sloan School (1984), and a BA from Columbia College (1981). He is based in the New York office.

**Santiago Reyes**, Partner, is head of FGG's Miami office and markets FGG's offshore funds worldwide. He joined FGG in 1996 after managing two agribusiness firms for six years in Colombia and France. Prior to that, he was Head of the Southern Cone Desk in the Credit Division of Banco de Bogota in New York for three years. Mr. Reyes received his Bachelor of Arts degree from the University of Texas at Austin and a Master of Economic History degree from the London School of Economics. Mr. Reyes is a native of Colombia. He holds FINRA Series 7 and 63 licenses and is based in the Miami office.

## Our Team (Continued)

**Andrew Smith**, Partner, is the Portfolio Manager and oversees all operations for Chester Global Strategy Fund, Irongate Global Strategy Fund, and Chester Horizons Fund for FGG. He is also a member of FGG's Executive Committee. He has over 15 years experience in finance, asset management, private equity, and real estate. Prior to joining FGG, Mr. Smith was a partner at Chester Investments (unaffiliated), a private investment firm/family office, where he was responsible for alternative investments including hedge funds, private equity, income-producing real estate, and real estate development in the U.S. and in Europe. Mr. Smith also was responsible for corporate strategy and business development. Prior to Chester, Mr. Smith worked in the private client group at CIBC World Markets. Mr. Smith coheaded a group responsible for advising high-net worth clients' portfolios within CIBC Oppenheimer. Prior to CIBC, Mr. Smith founded and built a private consumer services and real estate company to over 3,000 employees and \$110 million in annual revenues. Prior to founding that company, Mr. Smith spent three years with Cantor Fitzgerald in New York as an Associate. Mr. Smith is a graduate of Dartmouth College. Mr. Smith holds FINRA Series 7 and 63 licenses, and is based in the New York office.

**Philip Toub**, Partner, markets FGG's offshore funds and assists in the development of new products. He is also a member of FGG's Executive Committee. He is responsible for business development in Brazil and the Middle East. He has over 15 years of investment experience. Prior to joining FGG in 1997, Mr. Toub worked at Moore Capital (1995 to 1997) primarily on the Asian and European Trading desk. He previously worked at Goldman Sachs and Bear Stearns & Co. (1987 to 1989) on the brokerage side. Mr. Toub received his Bachelor of Arts degree from Middlebury College. Mr. Toub holds FINRA Series 7 and 63 licenses and is based in the New York office.

**Amit Vijayvergiya**, Partner, is Chief Risk Officer of the firm and President of Fairfield Greenwich (Bermuda) Ltd. Mr. Vijayvergiya has over 14 years of experience in asset management, risk management, finance, and operations research. Prior to joining FGG, from 2000 to 2003 Mr. Vijayvergiya managed a family office investing in traditional and alternative investment managers where he built and applied statistical models used in the measurement and management of investment risks. He was previously the General Manager of LOM Asset Management, where he structured and managed several multimanager funds and served on the firm's management and investment committees. He began his business career in 1994 with a position in operations research at Canadian National Railways. Mr. Vijayvergiya received a Masters in Business Administration from Schulich School of Business at York University, a Bachelors of Science in Statistics from the University of Manitoba, and a Bachelors of Arts in Economics from the University of Western Ontario. Mr. Vijayvergiya holds the Chartered Financial Analyst designation and the Financial Risk Manager certification, and is based in the Bermuda office.

# The Quotes

## PAGE 5

“The secret of all victory lies in the organization of the non-obvious.”

Secretum victoriae in organizatium nunc obvii ist.

**MARCUS AURELIUS** (121–180) *Roman Emperor*

*The Meditations*, Book 9

René Magritte *La Victoire*

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## PAGE 6

“Not the maker of plans and promises, but rather the one who offers faithful service in small matters. This is the person who is most likely to achieve what is good and lasting.”

“Denn nicht der Projektmacher und Versprecher, sondern der im Geringen treue Dienste anbietet, ist dem willkommen, der so gern was Gut’s und Dauerhaftes thun möchte.”

**JOHANN WOLFGANG VON GOETHE** (1749–1832)

*Writer, Natural Philosopher, Courtier*

From a letter of Goethe’s to J.F. Krafft dated November 23, 1778

René Magritte *The Third Dimension*

© Peter Willi

## PAGE 8

“Philosophy is not a body of doctrine but an activity.”

“Philosophie ist nicht ein Körper der Lehre aber der Tätigkeit.”

**LUDWIG WITTGENSTEIN** (1889–1951) *Philosopher*

*Tractatus Logico-Philosophicus*, 1921

Claude Monet *Morning on the Seine, near Giverny*

© Art Resource, NY

## PAGE 10

“Wealth is in applications of mind to nature; and the art of getting rich consists not in industry, much less in saving, but in a better order, in timeliness, in being at the right spot.”

**RALPH WALDO EMERSON** (1803–1882)

*Writer, Poet, Philosopher*

*Conduct of Life*, 1860, revised 1876

Piet Mondrian *Broadway Boogie Woogie*

© 2005 Mondrian/Holtzman Trust

c/o HCR International Warrenton Virginia

## PAGE 12

“Ideas are a capital that bears interest only in the hands of talent.”

“Les idées sont des fonds qui ne portent intérêt qu’entre les mains du talent.”

**ANTOINE RIVAROL** (1753–1801) *Writer*

*Discours sur l’universalité de la langue française suivi des pensées, maximes, réflexions, anecdotes et bons mots*, 1784, 1808.

René Magritte *Décalcomanie*, 1966

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## PAGE 14

“There is great enlightenment where there has been great wonder.”

**MUSO KOKUSHI**

(ALSO CALLED SOSEKI)

(1275–1351)

*Abbot, Poet, Designer of Gardens*

René Magritte *The Tree*

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Artists Rights Society (ARS), New York

## PAGE 19

“Let the beauty we love be what we do.”

Sad gōna namâz-ast-o rukû`-ast-o sujûd ân-râ ke jamâl-é dôst bâsh-ad miHrâb

**JALALUDDIN RUMI** (1207–1273)

*Theologian, Philosopher, Poet*

Quatrain no. 81

René Magritte *Golconde*

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## PAGE 20

“Only when all contribute their firewood can they build up a strong fire.”

眾人拾柴火焰高

**CHINESE PROVERB** (ANONYMOUS)

Joseph Cornell *Planet Set, Tête Etoilée*,

*Giuditta Pasta (dédicace)*

Art © The Joseph and Robert Cornell Memorial Foundation/  
Licensed by VAGA, New York, NY

若しこの大疑おこらん人、その疑の處について比の語に参せば、必ず大悟すべし。

## Disclosure

This material is intended to inform you of products and services offered by Fairfield Greenwich Group. "Fairfield Greenwich Group" is the marketing name for the securities and investment advisory businesses of Fairfield Greenwich Limited and its subsidiaries and affiliated companies worldwide.

In the United States, securities are offered through Fairfield Heathcliff Capital LLC, a broker-dealer and member FINRA and SIPC. Investment advisory services are offered by Fairfield Greenwich Advisors LLC. In the EU, securities and investment advisory services are offered through Fairfield Greenwich (UK) Limited, 10 Cork Street, London W1S 3NP (Company Number 3440032) which is authorized and regulated by the Financial Services Authority (FSA), and which has approved this document for publication in the UK. In Singapore, securities and investment advisory services are offered through Lion Fairfield Capital Management Ltd., which holds a capital markets services license issued by the Monetary Authority of Singapore under the provisions of the Securities and Futures Act (Cap 289).

This material does not constitute an offering of any security, product, service or fund. Hedge funds (or funds of hedge funds) are only offered by a confidential Private Placement Memorandum (the "PPM") to qualified investors for whom an investment does not constitute a complete investment program and who fully understand and are willing to assume the risks involved in such investment. The PPM more fully describes the risks, fees, and investment objectives of the particular investment product, and should be carefully read prior to investing. There are no assurances that the stated investment objectives of any investment product will be met.

Hedge funds (or funds of hedge funds): Often engage in leveraging and other speculative investment practices that may increase the risk of investment loss; Can be highly illiquid; Are not required to provide periodic pricing or valuation information to investors; May involve complex tax structures and delays in distributing important tax information; Are not subject to the same regulatory requirements as registered investment companies; and Often charge high fees. An investor could lose all or substantially all of his or her investment. Where securities are issued in a currency other than the investors' currency of reference, changes in exchange rates may have an adverse effect on the value of the investment. Further, any number of conflicts of interest may exist in the context of the management and/or operation of any hedge fund.

Typically, the interests in hedge funds (or funds of hedge funds) will not be registered under the laws of any jurisdiction including the United States Securities Act of 1933 or the United States Investment Company Act of 1940, the laws of any state of the United States or the laws of any foreign jurisdiction and may not be offered or sold without compliance to applicable securities laws.

The summary/prices/quotes/statistics in this document have been obtained from sources deemed to be reliable, but we do not guarantee their accuracy or completeness. Past performance is not a guarantee of future results. Additional information is available upon request. This document is confidential and may not be reproduced or distributed without the prior written consent of Fairfield Greenwich Group.

UK Residents: Fairfield Greenwich (UK) Limited is authorised and regulated by the Financial Services Authority. FGG funds referred to in this document are not recognised collective investment schemes for the purposes of the Financial Services and Markets Act 2000 of the United Kingdom (the "Act"). The promotion of such investment funds and the distribution of offering materials in relation to such funds in the United Kingdom is accordingly restricted by law. This information is directed only at persons to whom such investment funds may lawfully be promoted by a person authorised under the Act (an "authorised person") by virtue of Section 238(5) of the Act and Annex 5 to Chapter 3 of the FSA Conduct of Business Sourcebook.

Investors in the investment funds referred to herein will not benefit from the rules and regulations made under the Act for the protection of investors, nor from the Financial Services Compensation Scheme.

Shares in the investment funds referred to in this document are not dealt in or on a recognised or designated investment exchange for the purposes of the Act, nor is there a market maker in such shares, and it may therefore be difficult for an investor to dispose of his shares otherwise than by way of redemption.

September 2008

**Exhibit 2**  
**(Part 1)**

*Confidential Private Placement Memorandum*

**FAIRFIELD SENTRY LIMITED**

*A British Virgin Islands International Business Company*

*Securities Offered: Redeemable, Voting Shares*

*Minimum Investment per Subscriber: U.S. \$100,000*

*Purchase Price per Share: Net Asset Value per Share*

**Investment Manager**

*Fairfield Greenwich (Bermuda) Ltd.*

**Administrator**

*Citco Fund Services (Europe) B.V.*

*SHARES OF THE FUND MAY BE OFFERED TO PERSONS WHO ARE NEITHER CITIZENS NOR RESIDENTS OF THE UNITED STATES AND TO A LIMITED NUMBER OF UNITED STATES INVESTORS CONSISTING OF PENSION AND PROFIT SHARING TRUSTS, CHARITIES AND OTHER TAX-EXEMPT ENTITIES.*

*THE SHARES OFFERED HEREBY ARE SPECULATIVE AND INVOLVE A HIGH DEGREE OF RISK. THEY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES LAWS OF ANY JURISDICTION AND ARE BEING OFFERED AND SOLD IN RELIANCE ON EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS OF SUCH LAWS. THE SHARES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE FUND'S ARTICLES OF ASSOCIATION. THE SHARES HAVE NOT BEEN APPROVED OR DISAPPROVED BY ANY REGULATORY AUTHORITY, NOR HAS ANY SUCH AUTHORITY PASSED UPON OR ENDORSED THE MERITS OF THIS OFFERING OR THE ACCURACY OR ADEQUACY OF THIS MEMORANDUM.*

*The date of this Confidential Private Placement Memorandum is as of October 1, 2004.*

***Fairfield Greenwich (Bermuda) Ltd.***

**COMMODITY POOL OPERATOR NO-ACTION RELIEF**

**PURSUANT TO NO-ACTION RELIEF ISSUED BY THE COMMODITY FUTURES TRADING COMMISSION, FAIRFIELD GREENWICH (BERMUDA) LTD. ("FGBL") IS NOT REQUIRED TO REGISTER, AND IS NOT REGISTERED WITH THE COMMISSION AS A CPO. AMONG OTHER THINGS, THE NO-ACTION RELIEF REQUIRES THIS CPO TO FILE A CLAIM OF NO-ACTION RELIEF WITH THE NATIONAL FUTURES ASSOCIATION AND THE COMMISSION. IT ALSO REQUIRES THAT AT ALL TIMES EITHER: (A) THE AGGREGATE INITIAL MARGIN AND PREMIUMS REQUIRED TO ESTABLISH COMMODITY INTEREST POSITIONS DOES NOT EXCEED TWO PERCENT OF THE LIQUIDATION VALUE OF THE POOL'S PORTFOLIO; OR (B) THE AGGREGATE NOTIONAL VALUE OF THIS POOL'S COMMODITY INTEREST POSITIONS DOES NOT EXCEED FIFTY PERCENT OF THE LIQUIDATION VALUE OF THE POOL'S PORTFOLIO. YOU SHOULD ALSO KNOW THAT THIS REGISTRATION NO-ACTION RELIEF IS TEMPORARY. IN THE EVENT THE COMMISSION ADOPTS A REGISTRATION EXEMPTION RULE THAT DIFFERS FROM THE NO-ACTION RELIEF, FGBL MUST COMPLY WITH THAT RULE TO BE EXEMPT FROM CPO REGISTRATION. IF FGBL DETERMINES NOT TO COMPLY WITH THIS RULE, IT MUST EITHER REGISTER WITH THE COMMISSION OR CEASE HAVING THE POOL TRADE COMMODITY INTERESTS. A REASONABLE OPPORTUNITY TO TRADE FOR LIQUIDATION ONLY WILL BE PROVIDED.**

### CERTAIN GENERAL INFORMATION

The Shares offered hereby (the "Shares") will be issued only on the basis of the information in this Confidential Private Placement Memorandum and any attachments hereto (the "Memorandum"). No other information about Fairfield Sentry Limited (the "Fund") has been authorized. Any investment in the Fund on the basis of information that is not contained, or which is inconsistent with, the information herein shall be solely at your risk. The delivery of this Memorandum does not imply that any information herein is correct at any time after the date hereof.

You should inform yourself of the legal requirements and tax consequences within the countries of your residence or domicile for the purchase, holding or sale of the Shares, and any foreign exchange restrictions. Shares that are bought by persons not entitled to hold them in accordance with the provisions herein may be compulsorily redeemed. No Shares may be transferred without the prior written consent of the Directors.

The distribution of this Memorandum may be restricted by law in certain countries. You must inform yourself of and observe any such restrictions. You should review the Country-Specific Notices contained herein for any applicable notices for your countries of residence or domicile. This Memorandum does not constitute an offer or solicitation to any person in any jurisdiction in which the offer or solicitation is not authorized, or to any person to whom it is unlawful to make the offer or solicitation.

No person is authorized to give any information with respect to the Fund unless authorized by the Directors. This Memorandum supersedes any written or verbal information relating to the Fund.

You should not construe this Memorandum as legal or investment advice. You should consult your own attorneys, accountants and other advisers regarding this investment.

This Memorandum describes certain documents relating to this investment, including various executed and unexecuted documents and certain statutes, rulings and regulations. Such summaries do not purport to be complete and are qualified in their entirety by reference to the full text of those documents, statutes, rulings and regulations.

You and your investment representatives are invited to ask questions of and to obtain additional information from the Administrator (Citco Fund Services (Europe) B.V.) or Investment Manager (Fairfield Greenwich (Bermuda) Ltd.) concerning the Fund, including additional information to verify the completeness or accuracy of the information in this Memorandum.

All references herein to \$ are to United States dollars.

The Fund is incorporated as an International Business Company under the International Business Companies Act of the British Virgin Islands. The Fund constitutes a "professional fund" as defined in the Mutual Funds Act, 1996 (as amended) of the British Virgin Islands (the "BVI Act") and as such is required to be and is recognized as a "professional fund" under the provisions of the BVI Act. Such recognition does not entail supervision of the investment performance or portfolio of the Fund by the Financial Services Commission of the British Virgin Islands (the "BVI"), which accepts no responsibility for the financial soundness of the Fund or the correctness of any statements or opinions expressed herein. There is no financial obligation or compensation scheme imposed on or by the Financial Services Commission of the BVI in favor of or available to the investors in the Fund.

As an entity regulated under the BVI Act, the Fund will be subject to the supervision of the Financial Services Commission in the BVI, which is authorized by the BVI Act to direct the Fund to furnish information or provide access to any records, books or other documents which it deems necessary to ascertain compliance with the BVI Act or any regulations made under the BVI Act.

The BVI Act provides that the Fund's certificate of recognition may be cancelled if, among other things, the Fund has breached the BVI Act or any regulations or codes of conduct, or conditions of its certificate, has been convicted of an offense, is carrying on business in a manner detrimental to its investors or to the public interest, or is declared bankrupt or is being wound up or dissolved.

Because the Fund is a professional fund under the BVI Act, whose shares are listed on the Irish Stock Exchange, the Shares may be held only by persons who are "professional investors" within the meaning of the BVI Act and the Irish Stock Exchange, and on the basis that the initial investment in the Fund by each of its shareholders is not less than \$100,000. A professional investor is any person whose ordinary business involves, whether for his own account or for the account of others, the acquisition or disposal of property of the same kind as the property, or a substantial part of the property, of the Fund (in this case, investment instruments), or who has signed a declaration that he, whether individually or jointly with his spouse, has a net worth in excess of \$1,000,000, or, if an institution, \$5,000,000 or its equivalent in any other currency, and that he consents to being treated as a professional investor. In addition, in order to comply with rules of the Irish Stock Exchange, an investor will have to represent that he has knowledge and expertise in financial matters sufficient to evaluate the risks involved in an investment in the Fund, that he is aware of such risks and can bear the loss of the entire investment.

This is a private offering made only on delivery of this Memorandum to the prospective investor whose name appears on the cover hereof. This Memorandum may not be reproduced or used for any other purpose. Any distribution of this Memorandum in whole or in part, or the divulgence of any of its contents, is unauthorized. By accepting delivery of this Memorandum, you agree to return it to the Fund if you do not invest.

**TABLE OF CONTENTS**

	<b>Page</b>
{toc \o "1-1" }	
APPENDIX A FINANCIAL STATEMENTS	
APPENDIX B SUBSCRIPTION DOCUMENTS	

**FUND DIRECTORY**

THE FUND	Fairfield Sentry Limited c/o Codan Trust Company (B.V.I.) Ltd. P.O. Box 3140 Romasco Place, Wickhams Cay Road Town, Tortola British Virgin Islands
INVESTMENT MANAGER	Fairfield Greenwich (Bermuda) Ltd. 12 Church Street Suite 606 Hamilton, Bermuda Telephone: 441-292-5401 Facsimile: 441-292-5413
ADMINISTRATOR; REGISTRAR AND TRANSFER AGENT	Citco Fund Services (Europe) B.V. Telestone 8 -Teleport Naritaweg 165 1043 BW Amsterdam The Netherlands Telephone: (31-20) 572-2100 Facsimile: (31-20) 572-2610
U.S. COUNSEL	Law Offices of Andrew E. Goldstein 488 Madison Avenue, 16 <sup>th</sup> Floor New York, New York 10022 USA
BRITISH VIRGIN ISLANDS COUNSEL	Conyers Dill & Pearman Romasco Place, Wickhams Cay 1 P.O. Box 3140 Road Town, Tortola British Virgin Islands
AUDITORS	PricewaterhouseCoopers Marten Meesweg 25 3068 AV Rotterdam Amsterdam The Netherlands
PAYMENT BANK	Citco Bank Nederland, N.V. Dublin Branch Custom House Plaza, Block 6 International Financial Services Centre P.O. Box 6639 Dublin 1 Ireland Telephone: 353 (0) 1 636 7100 Facsimile: 353 (0) 1 636 7102

CUSTODIAN

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## SUMMARY

*The following Summary is intended to highlight certain basic information which is set forth more fully elsewhere in this Confidential Private Placement Memorandum and, accordingly, should be read in conjunction with such detailed information.*

### THE OFFERING

<b>Issuer</b>	Fairfield Sentry Limited (the "Fund") is organized as an international business company under the laws of the Territory of the British Virgin Islands ("BVI"). The registered office of the Fund is located in the BVI.
<b>Securities Offered</b>	The Fund's redeemable, voting shares (the "Shares") were sold on November 30, 1990 at an initial offering price of U.S. \$200 per Share and thereafter have been sold at a price equal to the Net Asset Value (as hereinafter defined) as of the opening of business on the date of issuance.
<b>Offerees</b>	Shares may be offered only to experienced and sophisticated investors who are neither citizens nor residents of the United States ("Non-U.S. Persons") and to a limited number of United States investors that are tax-exempt entities ("U.S. Tax Exempt Investors"). See "OFFERING OF THE SHARES".
<b>Minimum Subscription</b>	The minimum initial subscription per investor is U.S. \$100,000. Following his initial investment, a shareholder may make additional investments in amounts of not less than U.S. \$50,000.
<b>Maximum Capitalization</b>	The Fund will not accept a subscription tendered at a time when the number of its outstanding Shares is 10,000,000.
<b>Subscription Procedures</b>	It is preferable that subscriptions be made by wire transfer. However, subscriptions may be made by mail if necessary. Subscriptions received during any monthly period prior to the third to the last business day of the month will ordinarily be accepted, subject to the sole discretion of the Manager, as of the first business day of the following monthly period, i.e., subscriptions received between December 28 and January 28 will be accepted as of February 1. Subscriptions will become irrevocable to the subscriber on the third to the last business day of the month in which such subscription is received by the Fund.

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**Solicitation of Subscriptions** There are no underwriting arrangements with respect to the offering of Shares. All solicitations of subscriptions will be made directly by the Fund or through the assistance of unaffiliated placement agents or other intermediaries. Such unaffiliated placement agents and intermediaries may charge their clients a placement fee of up to 5% of the total amount of the subscription for Shares sold with their assistance, and/or share in the fees earned by Fairfield Greenwich (Bermuda) Ltd. ("FGBL"), as Investment Manager, which they may rebate to their clients. FGBL or an affiliate may also charge a placement fee of up to 3% on such subscriptions, provided that total placement fees do not exceed 5%. In certain instances, the Fund may deduct the amount of the placement fee from the subscription amount to pay to the unaffiliated placement agent or FGBL and such amounts will not constitute part of the assets of the Fund.

**Business Objective** The Fund will seek to achieve capital appreciation of its assets through the purchase and sale of securities principally by utilizing an options trading strategy described as "split strike conversion". See "INVESTMENT POLICIES".

**Investment Manager** Fairfield Greenwich (Bermuda) Ltd. ("FGBL" or the "Manager"), a corporation organized under the laws of Bermuda, serves as the Fund's investment manager. It is the wholly-owned subsidiary of Fairfield Greenwich Limited ("FGL"), an exempted company organized under the laws of the Cayman Islands, which previously served as the investment manager of the Fund. Jeffrey H. Tucker, Walter M. Noel, Jr. and Andres Piedrahita are the main principals of FGL. Mr. Noel is also a Director of the Fund (see "MANAGEMENT OF THE FUND AND OTHER RELATIONSHIPS"). FGBL expects to make application with the Bermuda Monetary Authority to become licensed as an investment provider and has made a claim for no-action relief from registration as a commodity pool operator with the U.S. Commodity Futures Trading Commission..

**Directors** Walter M. Noel, Jr., Jan R. Naess and Peter P. Schmid are the Directors of the Fund. Mr. Noel is a Director of the Manager.

**Citco** Citco Fund Services (Europe) B.V., an affiliate of The Citco Group Ltd., acts as escrow agent, administrator, registrar and transfer agent for the Fund. The Fund's escrow account is maintained at Citco Bank Nederland, N.V. Dublin Branch.

**Dividend Policy** It is anticipated that the Fund will not declare any dividends; rather, income will be reinvested and will be reflected in the Net Asset Value of the Shares.

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#### SALE AND REDEMPTION OF SHARES

<b>Redemption at the Option of a Shareholder</b>	A shareholder of the Fund, on fifteen (15) calendar days' notice, may cause his Shares to be redeemed as of the last business day (being any day not a Saturday or a Sunday, that is not a public holiday or a day on which banks are generally authorized or obliged by law or regulation to close in the Netherlands, the Republic of Ireland or the United States of America) of any month. There is no minimum period of time that Shares must be held in order for a shareholder to redeem his Shares.
<b>Compulsory Redemption</b>	The Fund reserves the right to call all or a part of a shareholder's Shares for redemption at any time. This right will only be exercised as to Shares where the continued holding of which would result in regulatory, pecuniary, legal, taxation, or material administrative disadvantage for the Fund or the shareholders as a whole.
<b>Sales</b>	Subscriptions received during any monthly period prior to the third to the last business day of the month will ordinarily be accepted, subject to the sole discretion of the Manager, as of the first business day of the following monthly period, i.e., subscriptions received between December 28 and January 28 will be accepted as of February 1. Subscriptions will become irrevocable to the subscriber on the third to the last business day of the month in which such subscription is received by the Fund.
<b>Exchange Listing</b>	The Fund was admitted to the Official List of the Irish Stock Exchange in Dublin, Ireland on January 12, 1995 and has been issued SEDOL number 0330934. It is unlikely that a public trading market will develop for the Fund's shares and none has developed to date. Shareholder redemption rights are not affected by this listing.

#### COMPENSATION AND EXPENSES

<b>Expenses</b>	The Fund will bear, for each year, all continuing offering costs; all ordinary legal and auditing fees; all registrar, transfer agent and administration fees; all insurance expenses; all expenses in maintaining the Fund's office and all other expenses incurred in the operation of the Fund, if any, including any legal and auditing fees that relate to extraordinary circumstances, such as tax examinations or litigation involving the Fund, as well as all fees and all ordinary and necessary expenses related to the Fund's investment and trading activities.
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**Management Fee**

The Manager will receive a monthly management fee in an amount equal to one-twelfth of one percent (0.0833%) (1% per annum) of the Net Asset Value before Performance Fees (as hereinafter defined) of the Shares, as calculated at the opening of the first day of each calendar month, which will include subscriptions for Shares accepted by the Fund as of the first day of the month. This fee is payable monthly in arrears. The Manager will pay a portion of the Management Fee to an affiliate in consideration of the affiliate providing certain administrative services and back-office support to the Fund.

**Performance Fee**

The Manager will receive, for each calendar quarter, a performance fee (the "Performance Fee") with respect to each Share outstanding during such calendar quarter in an aggregate amount equal to 20% of any New High Net Profits (as defined under "FEES, COMPENSATION AND EXPENSES - Performance Fee") allocable to the Shares, subject to reduction in connection with certain offsets with respect to each Share. Shares which are either purchased or redeemed during a calendar quarter shall be subject to the payment of a Performance Fee only for the portion of the calendar quarter during which such Shares were outstanding. The Performance Fee will only be paid on "new appreciation" in the Fund's Net Asset Value allocable to the Shares.

In certain circumstances, the Performance Fee may be reduced for particular calendar quarters and the amount of the reduction repaid in subsequent calendar quarters (see "FEES, COMPENSATION AND EXPENSES - Performance Fee").

The Manager and the Fund may enter into an agreement pursuant to which the Manager may elect to defer payment of all or a portion of its Management Fees and/or Performance Fees.

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## THE FUND

### Description

The Fund was incorporated in the Territory of the British Virgin Islands ("BVI") as an international business company on October 30, 1990. The registered office of the Fund is located in Road Town, Tortola, British Virgin Islands.

Shareholders will have the right to redeem part or all of their Shares as of the last business day of any month, or purchase additional shares as of the first business day of any month (See "TRANSFERS, REDEMPTIONS AND TERMINATION").

## MANAGEMENT OF THE FUND AND OTHER RELATIONSHIPS

### The Fund

The Fund's Board of Directors has overall management responsibility for the Fund, including establishing investment, dividend and distribution policy, and having the authority to select and replace the Fund's administrator, registrar and transfer agent, any officers of the Fund and other persons or entities with management or administrative responsibilities to the Fund. None of the Fund's Directors own an equity interest in the Fund.

The Directors of the Fund are as follows:

**Walter Noel** has over thirty years of experience in the investment business. From 1959 to 1972, he was associated with the Management Services Division of Arthur D. Little Inc., an industrial and management consulting firm. From 1972 to 1974, Mr. Noel was President of Bahag Banking Ltd., in Lausanne, Switzerland. In 1974, Mr. Noel became Vice President of the International Private Banking Department of Citibank, N.A., where he remained until 1977 when he became Senior Vice President of the International Private Banking Department of Chemical Bank. Mr. Noel remained at Chemical Bank until 1983, where he shared primary responsibility for developing its international private banking business. He founded The Fairfield Greenwich Group, an affiliate of the Fund's investment manager, Fairfield Greenwich (Bermuda) Ltd., in 1983. Since founding The Fairfield Greenwich Group, Mr. Noel has been a director or general partner for a variety of its funds.

**Jan R. Naess** received a Bachelor of Arts degree in 1981 and a Masters degree in Economics in 1983 from the University of Oslo. From 1983 to 1987, he was employed in the Economic Research Department of R.S. Platou a.s. in Oslo, a leading shipbrokering firm. In 1987, Mr. Naess joined with R.S. Platou a.s. to form R.S. Platou Asset Management a.s., which was instrumental in the sale and purchase of 15 bulk carriers from 1987 to 1989. In 1989, Mr. Naess liquidated his interest in R.S. Platou Asset Management a.s. and formed PAN Shipping Ltd., a shipowning/operating and project development fund, which merged with Northern Navigation International Limited ("NNI") in 1991. Mr. Naess is a Vice President of NNI, a Liberian corporation, which is in the business of investing in and managing shipping assets.

**Peter P. Schmid** received a Swiss Federal Certificate of Capacity in 1968. Mr. Schmid was employed by Credit Suisse from 1968 to 1986. From 1975 to 1977, he was employed in Credit Suisse's International Portfolio Management Department in Zurich. After a brief posting in Credit Suisse's New York office, Mr. Schmid was in charge of the bank's representative office in Rio de Janeiro from 1977 to 1984. From 1984 to 1986, Mr. Schmid was Vice President in charge of Credit Suisse's Latin American Private

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Banking Desk in Geneva. Mr. Schmid has been an independent investment adviser since April 1986. He is President of Peter Schmid (Portfolio Management), P. Schmid & Associés, S.A. and Armor S.A. Mr. Schmid is a Director of Inter Asset Management Inc.

### The Investment Manager

The Fund's investment manager is Fairfield Greenwich (Bermuda) Ltd., a corporation organized under the laws of Bermuda ("FGBL" or the "Manager"), which was incorporated on June 13, 2003. It is responsible for the management of the Fund's investment activities, the selection of the Fund's investments, monitoring its investments and maintaining the relationship between the Fund and its escrow agent, custodian, administrator, registrar and transfer agent. The Manager is the wholly-owned subsidiary of Fairfield Greenwich Limited, an exempted company organized under the laws of the Cayman Islands ("FGL"), which previously served as the investment manager of the Fund.

The Fairfield Greenwich Group ("FGG"), of which the Manager is an affiliate, was established in 1983 and has approximately \$8 billion employed in alternative asset management funds. Throughout its history, the firm has internally managed alternative asset funds and selectively identified external managers for affiliations where it serves as a marketing and distribution partner, and obtains underlying portfolio information for monitoring and client communication purposes.

The Manager and its affiliates currently serve as investment or administrative manager to approximately twenty funds, and have exclusive distribution arrangements with several others. FGG maintains its principal office in New York, with a significant presence in London. Marketing and client support offices are located elsewhere in the United States, Europe, and Latin America. FGG's London entity is licensed and subject to the supervision of FSA, and another FGG-affiliated entity is registered as a broker-dealer in the United States.

The Manager expects to make application with the Bermuda Monetary Authority to become licensed as a financial provider and has made a claim for no-action relief from registration as a commodity pool operator with the U.S. Commodity Futures Trading Commission with respect to its operation of the Fund.

Pursuant to the Investment Management Agreement between the Fund and the Manager, the Manager is not liable for any error of judgment or for any loss incurred by the Fund, except a loss resulting from willful malfeasance, bad faith or gross negligence in the performance of its duties under such agreement. The Investment Management Agreement further provides that the Manager, its directors, officers, employees, agents and counsel will be indemnified and held harmless by the Fund against any and all claims, liability and expenses for any loss suffered by the Fund arising out of any act or omission of such indemnified party, except to the extent an act or omission constitutes willful misconduct or reckless disregard of the duties of such indemnified party. The Investment Management Agreement may be terminated by either party thereto on ten days' written notice prior to the end of any calendar quarter.

Following is biographical information on the founders, principal officers and certain other key employees of FGG:

**Walter M. Noel, Jr.** His background is summarized above under "MANAGEMENT OF THE FUND AND OTHER RELATIONSHIPS - The Fund".

**Andres Piedrahita** founded Littlestone Associates in 1991, which merged with FGG in 1997. Mr. Piedrahita directs FGG's European and Latin American activities. Mr. Piedrahita has over fifteen years of experience in the investment business. Prior to the merger, Mr. Piedrahita was the Director and President of Littlestone Associates, Inc. (1991-1997). He was previously a Vice President at Shearson Lehman

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Hutton, specializing in money management consulting for non-U.S. institutions and individuals (1987-1990). Before joining Shcarson, Mr. Picdrahita was a financial consultant with Prudential Bache Securities Inc. in New York (1981-1987). He received his Bachelor of Arts degree from Boston University's School of Communications.

**Jeffrey Tucker** has over twenty years of experience in investment related businesses. Mr. Tucker was an attorney with the Securities and Exchange Commission from 1970 to 1978. From 1975 to 1978, he was an Assistant Regional Administrator of the SEC's New York regional office, with supervisory responsibility for approximately half of its enforcement program. Mr. Tucker entered private practice in 1978 as a partner in the law firm Tucker, Globerman & Feinsand, where he remained until 1987. He specialized in securities and transactional matters, with a principal focus on limited partnership offerings. Mr. Tucker entered the securities industry in 1987 as a general partner of Fred Kolber & Co. ("Kolber"), a registered broker-dealer. At Kolber, Mr. Tucker was responsible for the development and administration of the firm's private investment funds. FGG began its association with Kolber at that time as a marketing agent, and the firms subsequently merged activities. Throughout FGG's development, Mr. Tucker has been responsible for directing its business and operational development and has been a director or general partner for a variety of its investment funds. Mr. Tucker received his Bachelor of Arts degree from Syracuse University and his JD from Brooklyn Law School.

**Robert Blum** oversees or assists in all aspects of FGG's activities, and focuses on product creation as well as operational and related matters. Mr. Blum has over fifteen years of directly relevant operational and legal experience in the alternative asset management arena. He previously worked at CIBC Oppenheimer Corp. (1989-1999) where he was a Managing Director, a member of the firm's Management and Operating Committees, and served in various roles during his career, including Deputy General Counsel. At CIBC Oppenheimer, Mr. Blum had extensive business responsibility (including management and operational roles) and legal involvement in the development of a wide range of transactions and businesses in the alternative and conventional asset management areas. Mr. Blum began his career as an associate in the law firm of Fulbright & Jaworski (1984-1989). Mr. Blum received his Bachelor of Arts degree from the University of Pennsylvania and his JD from the University of Chicago Law School.

**Harold Greisman** is the Chief Investment Officer of FGG, focusing on manager selection and risk oversight. Mr. Greisman has over fifteen years of experience in the investment business. Prior to joining FGG in 1990, Mr. Greisman was an Associate in the Capital Markets Group of Continental Bank (1984-1985) and then worked for DNB Capital Corporation (1985-1990), a proprietary private equity and venture capital operation controlled by Den Norske Bank. Mr. Greisman began his career at Johnson & Higgins, a large industrial insurance brokerage (1978-1982). Mr. Greisman received his Bachelor of Arts degree from Tufts University and his MBA degree from the Stern School of Business at New York University.

FGL and certain of its principals have beneficial interests in the Fund.

The backgrounds of the Directors and key officers of the Manager are set forth below:

**Andres Piedrahita** is a Director and the President of the Manager. His background is set forth above under "MANAGEMENT OF THE FUND AND OTHER RELATIONSHIPS-The Investment Manager".

**Ian Pilgrim** is a Director of the Manager and serves as General Counsel of Citco Fund Services. Prior to joining Citco in January 2001, Mr. Pilgrim practiced from the beginning of 1997 until the end of 2000 as a Barrister & Attorney with M.L.H. Quin & Co. in Bermuda, specializing in the structuring and establishment of hedge funds and other collective investment vehicles. From 1994 to 1996, Mr. Pilgrim practiced as a solicitor with Allen & Overy in Hong Kong, where he was involved primarily in banking

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and project finance, and, prior to that, from 1991 to 1994, with Deacons in Hong Kong. Before moving to Hong Kong, Mr. Pilgrim practiced as a solicitor with the City of London law firm, Taylor Joynson Garrett. Mr. Pilgrim was admitted to practice as a solicitor in England and Wales in 1989 and in Hong Kong in 1992. He was admitted to the Bar in Bermuda in 1998. He is a member of the Law Societies of England and Wales and Hong Kong and of the Bar of Bermuda.

**Amit Vijayvergiya** is Vice President and the Risk Manager of the Manager and focuses on manager selection and risk management for the Fund. He has been employed by the Manager since 2003. Mr. Vijayvergiya has over 9 years of experience in asset management, risk management and operations research. Prior to joining the Manager, from 2000 to 2003, Mr. Vijayvergiya managed MAV Hedge Advisors, a family office investing in traditional and alternative investment managers. From 1998 to 2000, he was the General Manager of LOM Asset Management ("LOM AM"), where he oversaw the management of \$160 million in assets. At LOM AM, Mr. Vijayvergiya structured and managed several multi-manager funds and served on the firm's management and investment committees. He began his business career in 1994 with a position in operations research at Canadian National Railways. Mr. Vijayvergiya received a Masters in Business Administration from Schulich School of Business at York University, a Bachelors of Science in Statistics from the University of Manitoba and a Bachelors of Arts in Economics from the University of Western Ontario. Mr. Vijayvergiya holds the Chartered Financial Analyst designation and the Financial Risk Manager certification.

#### INVESTMENT POLICIES

The Fund seeks to obtain capital appreciation of its assets principally through the utilization of a nontraditional options trading strategy described as "split strike conversion", to which the Fund allocates the predominant portion of its assets. This strategy has defined risk and profit parameters, which may be ascertained when a particular position is established. Set forth below is a description of the "split strike conversion" strategies ("SSC Investments").

The establishment of a typical position entails (i) the purchase of a group or basket of equity securities that are intended to highly correlate to the S&P 100 Index, (ii) the sale of out-of-the-money S&P 100 Index call options in an equivalent contract value dollar amount to the basket of equity securities, and (iii) the purchase of an equivalent number of out-of-the-money S&P 100 Index put options. An index call option is out-of-the-money when its strike price is greater than the current price of the index; an index put option is out-of-the-money when the strike price is lower than the current price of the index. The basket typically consists of approximately 35 to 45 stocks in the S&P 100.

The logic of this strategy is that once a long stock position has been established, selling a call against such long position will increase the standstill rate of return, while allowing upward movement to the short call strike price. The purchase of an out-of-the-money put, funded with part or all of the call premium, protects the equity position from downside risk.

A bullish or bearish bias of the positions can be achieved by adjustment of the strike prices in the S&P 100 puts and calls. The further away the strike prices are from the price of the S&P 100, the more bullish the strategy. However, the dollar value underlying the put options always approximates the value of the basket of stocks.

The options transactions executed for the benefit of the Fund may be effected in the over-the-counter market or on a registered options exchange.

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### **Other Investments**

The Manager, in its sole and exclusive discretion, may allocate a portion of the Fund's assets (never to exceed, in the aggregate, 5% of the Fund's Net Asset Value at the time of investment) to alternative investment opportunities other than its "split strike conversion" investments (the "Non-SSC Investments"). It is anticipated that the Non-SSC Investments will be allocated to new investment vehicles managed by experienced management teams establishing themselves in new investment businesses ("Emerging Managers"), with no single allocation exceeding \$50 million at the time it is made. These arrangements may include "lock-up" provisions of varying durations of these assets in such investments, subject to early release for breach of risk control or performance guidelines, or for cause. FGBL and the Fund generally share in fees received by portfolio managers of Non-SSC Investments from investors other than the Fund. The Fund will pay fees with respect to the Non-SSC Investments at a rate that will not exceed the Fund's rate of fees (in certain cases, this may be accomplished by FGBL subsidizing, from its own moneys, the fees charged on these assets by Non-SSC Investment managers).

In certain circumstances, the Performance Fee may be reduced for particular calendar quarters for certain Non-SSC Investment Losses. See "POTENTIAL CONFLICTS OF INTEREST" and "FEES, COMPENSATION AND EXPENSES –Performance Fee".

In order to ensure that the Fund will not be subject to United States federal income taxation on trading gains from the disposition of certain investments, it is expected that the Fund will not invest in any "United States real property interest" (including, for example, certain interests in any U.S. Corporation that is a "United States real property holding corporation"), as such terms are defined under the U.S. Internal Revenue Code of 1986 (the "Code") and the Treasury Regulations promulgated thereunder. (See "TAX CONSIDERATIONS AND EXCHANGE CONTROL.")

The Fund may invest some of its assets in short-term U.S. government obligations, certificates of deposit, short-term high grade commercial paper and other money market instruments, including repurchase agreements with respect to such obligations, money market mutual funds and short term bond funds. In order to ensure that substantially all of the interest earned by the Fund will not be subject to United States federal withholding taxes, any investment in an obligation of a U.S. person or entity (other than in certificates of deposits in banks) primarily will be in an instrument (i) which is issued and purchased at a discount from its face amount, which is not otherwise interest bearing, and which has a term of no more than 183 days from the date of issuance or (ii) which is in registered form and which is issued after July 18, 1984. (See "TAX CONSIDERATIONS AND EXCHANGE CONTROL.")

### **Investment Restrictions**

The Fund will observe the investment restrictions set forth in the Fund's Articles of Association which are summarized here:

- a) no more than 10 percent of the Net Asset Value of the Fund will be invested in the securities of any one issuer (other than any government or governmental agency);
- b) the Fund may not hold more than 10 percent of the issued securities of any one class of securities in any issuer (other than any government or governmental agency);
- c) no more than 10 percent of the gross assets of the Fund may be exposed to the creditworthiness or solvency of a single counterparty (other than any government or governmental agency), in each case calculated at the time of investment;

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- d) no more than 10 percent of the Net Asset Value of the Fund may be invested in securities of countries where immediate repatriation rights are not available;
- e) the Fund will not invest in the securities of any issuer if the directors and officers of the Fund and the Manager collectively own in excess of 5 percent of such securities;
- f) the Fund will not take or seek to take legal or management control of the issuer of underlying investments;
- g) the Fund will adhere to the general principle of diversification in respect of all of its assets;
- h) the Fund will not invest directly in real property;
- i) the Fund will not make any loans (except to the extent that the acquisition of any investment in securities or commodity interests described herein may constitute a loan) to any one issuer (other than any government or governmental agency) except with the consent of the custodian of the Fund's assets; and
- j) no more than 10 percent of the Net Asset Value of the Fund will be invested in physical commodities.

The investment restriction set out in (c) above will not apply to transactions with any counterparty which advances full and appropriate collateral to the Fund in respect of such transactions.

#### OFFERING OF THE SHARES

The Fund is offering up to 10,000,000 Shares. The initial offering price was U.S. \$200 per Share on November 30, 1990. The Shares are currently offered at a price equal to the Net Asset Value per Share (as hereinafter defined) as of the opening of business on the date of issuance.

Shares may be offered only to experienced and sophisticated investors who are neither citizens nor residents of the United States ("Non-U.S. Investors") and to a limited number of United States investors that are tax-exempt entities ("U.S. Tax-Exempt Investors").

The minimum initial purchase by each subscriber is U.S. \$100,000. The Fund may reject any subscription, in whole or in part, in its discretion. All subscriptions, once made, are irrevocable to the subscriber.

All proceeds from the sale of Shares will be received by the Fund in trust and will be deposited by the Fund into a segregated interest bearing account in the Fund's name at the Fund's bank, Citco Bank Nederland N.V. Dublin Branch. There are no underwriting arrangements with respect to the offering of Shares. All solicitations of subscriptions will be made directly by the Fund or through the assistance of unaffiliated placement agents and other intermediaries, who may charge a placement fee of up to 5% of the total amount of the subscriptions for Shares sold, and/or share in the fees earned by the Manager, which they may rebate to their clients. FGBL or an affiliate thereof may also charge a placement fee of up to 3% on such subscriptions, provided that total placement fees do not exceed 5%. In certain instances, the Fund may deduct the amount of the placement fee from the subscription amount to pay to the unaffiliated placement agent and such amounts will not constitute part of the assets of the Fund.

The Fund will offer its Shares on a continuous basis at a price equal to its Net Asset Value as of the opening of business on the date of issuance of such Shares. Subscriptions received during any calendar

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month prior to the third to the last business day of the month will be accepted, subject to the sole discretion of the Manager, as of the first business day of the following month. Thus, for example, subscriptions received between January 1 and January 28 shall be accepted as of February 1, assuming the 29th-31st are business days. The Fund reserves the right, in its discretion, to accept any subscription prior to such first day. Subscriptions shall become irrevocable to the subscriber on the third to the last business day of the month in which such subscription is received by the Fund.

The Fund was admitted to the Official List of the Irish Stock Exchange, Dublin, Ireland on January 12, 1995 and has been issued SEDOL number 0330934. It is unlikely that a trading market in the Fund's Shares will develop and none has developed to date. The listing does not affect shareholder redemption rights.

#### **Net Asset Value Defined**

The Net Asset Value of the Shares is the value of the Fund's assets as calculated in accordance with the International Financial Reporting Standards and the Memorandum and Articles of Association of the Fund.

Notwithstanding the foregoing:

(i) in the case of extraordinary circumstances which warrant a different valuation of any securities, such as an inability to liquidate existing positions, such securities will be valued at such prices as the Directors shall determine; and

(ii) the amount of any distribution or dividend made shall be a liability of the Fund from the day when the distribution or dividend is declared until it is paid.

All decisions on the valuation of assets and liabilities and determination of Net Asset Value shall be made by the Fund's Board of Directors.

Net Asset Value per Share is defined as the Net Asset Value divided by the number of Shares then outstanding.

The Net Asset Value of the Fund will be calculated on a monthly basis by the Fund's administrator, Citco Fund Services (Europe) B.V., which will promptly notify the Irish Stock Exchange of the results of each such Net Asset Value calculation.

Pursuant to the Fund's Articles of Association, the Fund may suspend the calculation of its Net Asset Value for the whole or any part of any period:

- (a) during which any stock exchange or over-the-counter market on which any significant portion of the investments of the Fund are listed, quoted, traded or dealt in is closed (other than customary weekend and holiday closing) or trading on any such stock exchange or over-the-counter market is restricted; or
- (b) when circumstances exist as a result of which in the opinion of the Directors it is not reasonably practicable for the Fund to dispose of investments or as a result of which any such disposal would be materially prejudicial to the shareholders; or
- (c) when a breakdown occurs in any of the means normally employed in ascertaining the value of investments or when for any other reason the value of any of the

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investments or other assets of the Fund cannot reasonably or fairly be ascertained;  
or

- (d) during which the Fund is unable to repatriate funds required for the purpose of making payments due on redemption of Shares or during which any transfer of funds involved in the realization or acquisition of investments or payments due on redemptions of Shares cannot in the opinion of the Directors be effected at normal rates of exchange.

Any such suspension shall take effect at such time as the Directors shall declare but not later than the close of business on the business day next following the declaration, and thereafter there shall be no determination of the Net Asset Value per Share of the Fund until the Directors shall declare the suspension at an end, except that such suspension shall terminate in any event on the first business day on which (a) the condition giving rise to the suspension shall have ceased to exist; and (b) no other condition under which suspension is authorized under the Fund's Articles of Association shall exist. Each declaration by the Directors pursuant to this paragraph shall be consistent with such official rules and regulations (if any) relating to the subject matter thereof as shall have been promulgated by any authority having jurisdiction over the Fund and as shall be in effect at the time. To the extent not inconsistent with such official rules and regulations, the determination of the Directors shall be conclusive. Whenever the Directors shall declare a suspension of the determination of the Net Asset Value per Share, then as soon as may be practicable after any such declaration, the Directors shall give notice to all shareholders stating that such declaration has been made. At the end of any period of suspension as aforementioned the Directors shall give notice to all shareholders stating that the period of suspension has ended.

#### **Who Should Purchase/Subscription Procedure**

This offering is limited to non-U.S. persons who have the ability to speculate in high risk securities and for whom such a purchase is suitable in light of such person's financial condition. The Fund will require as a condition to the acceptance of a subscription that the subscriber represent and warrant that he has a net worth in excess of U.S. \$1,000,000 and is not a U.S. person.

Prospective subscribers should inform themselves as to the legal requirements within their own countries for the purchase of Shares and any foreign exchange or tax considerations relevant to such purchase.

As part of the Fund's responsibility for the prevention of money laundering, the Fund will require detailed verification of a prospective investor's identity to be included with its subscription application.

An individual will be required to produce a certified copy of a passport or identification card. Corporate applicants will be required to produce a certified copy of the certificate of incorporation (and any change of name), memorandum and articles of association (or other documents evidencing the existence of the legal entity), the register of directors or an excerpt from the trade register held at the relevant chamber of commerce and the signatory card verifying the authority of officers to sign on behalf of the corporate entity. Trusts and other entities which subscribe to the Fund must demonstrate organizational documents which verify the existence of the entity and which verify the authority of one or more signatories to sign subscriptions on behalf of the entity.

The Fund reserves the right to request such further information as is necessary to verify the identity of an applicant. In the event of delay or failure by the applicant to produce any information required for verification purposes, the Fund may refuse to accept the application and the subscription moneys relating thereto.

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In order to subscribe for Shares, subscribers must complete and sign the Subscription Agreement included in the Subscription Documents which accompany this Confidential Private Placement Memorandum, and mail them to Fairfield Sentry Limited, c/o Citco Fund Services (Europe) B.V., Telestone 8-Teleport, Naritaweg 165, 1043BW Amsterdam, The Netherlands; fax number (31-20) 572-2610. Subscription funds should be wire transferred to the Fund's escrow account at:

***Intermediary Bank - Field 56***

HSBC Bank, New York  
BIC: MRMDUS33  
Fed Wire: 021001088

***Account with Institution - Field 57***

Account Name: Citco Bank Nederland N.V. Dublin Branch  
Account Number: 000306487  
BIC: CITCIE2D

***Beneficiary Customer - Field 59***

Beneficiary Account Name: Fairfield Sentry Limited  
Beneficiary International Bank Account Number (IBAN):  
IE23CITC00000035810501

***Reference - SWIFT Field 70:*** Name and Full Address of Subscriber:

**FEES, COMPENSATION AND EXPENSES**

**Expenses**

The Fund bears all of the continuing offering costs and all other expenses incurred in the operation of the Fund, if any, including the ordinary and necessary expenses directly related to its investment and trading activities, all insurance expenses, all administration fees and all legal and auditing fees, including any legal and auditing fees that relate to extraordinary circumstances, such as tax examinations or litigation involving the Fund.

**Management Fee**

The Manager will receive for each calendar month a management fee (the "Management Fee") in an amount equal to one-twelfth of one percent (0.0833%) (1% per annum) of the Net Asset Value of the preceding month before performance fees as calculated at the open of the first day of such month (which would include any subscriptions for Shares accepted by the Fund as of the first day of the month). The Management Fee is payable monthly in arrears. The Manager will pay a portion of the Management Fee to an affiliate in consideration of the affiliate providing certain administrative services and back-office support to the Fund.

**Performance Fee**

The Manager will receive, for each calendar quarter, a performance fee (the "Performance Fee") in an amount equal to 20% of the amount of any New High Net Profits allocable to the Shares. Shares which are purchased or redeemed during a calendar quarter shall have their Net Asset Value decreased by the payment of the Performance Fee only for the portion of the quarter during which such Shares were

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outstanding. New High Net Profits are defined as the excess, if any, of, respectively, (A) the Net Asset Value as of the last day of a calendar quarter (before the deduction of the current Performance Fee, if any, paid or payable) over (B) the difference between (i) the sum of (a) the highest Net Asset Value of the Shares as of the last day of any preceding calendar quarter during which such Share was outstanding, or the date of the initial closing of this offering (or if such Share was issued thereafter, as of the date of such issuance, whichever date the Net Asset Value was higher), and (b) the amount of any subscription proceeds for Shares issued as of, or subsequent to, the date thereof, and (ii) the amount of dividends, distributions and redemptions payable as of, or subsequent to, the date thereof, and losses, if any, associated with redeemed shares. **IN OTHER WORDS, PERFORMANCE FEES WILL ONLY BE PAID ON "NEW APPRECIATION" IN THE NET ASSET VALUE OF THE SHARES.** No Share will be subject to the payment of a Performance Fee until all Shares have recouped their respective loss carryovers, i.e., until the Net Asset Value of such Shares is at least as high as the previous highest Net Asset Value per Share. The Manager will reduce any Performance Fees otherwise payable to it by offsetting it against an amount equal to the "Shared Cash Flow Amount" as defined in "POTENTIAL CONFLICTS OF INTEREST", below) attributable to Non-SSC Investments.

Notwithstanding the foregoing, in the event that, as at the end of any calendar year, the aggregate amount of original investments in Non-SSC Investment vehicles exceeds the aggregate net asset value of the Fund's interests in Non-SSC Investment vehicles (before deduction of the Fund's share of fees payable by the Non-SSC Investment vehicles) (such excess being the "Non-SSC Investment Loss") the Manager will reduce its Performance Fee payable at subsequent quarter-end by an amount equal to the Non-SSC Investment Loss. The portion of the Performance Fee that is reduced to cover the Non-SSC Investment Loss will be carried forward. In the event that the Non-SSC Investment Loss is, in part or in whole, subsequently recouped by Non-SSC Investment vehicles, the Fund will pay the Manager such portion of the Performance Fee that was previously reduced to cover Non-SSC Investment Losses in addition to Performance Fees otherwise payable for any quarter.

Pursuant to its agreement with the Fund, the Manager may elect to defer payment of all or a portion of its Performance Fee.

#### **Salaries and Other Personnel Expenses**

Mr. Noel will not be compensated for serving as a director of the Fund, but he and representatives of the Manager will be reimbursed by the Fund for any out-of-pocket expenses they may incur in attending meetings of the Board of Directors or of shareholders. The Directors not affiliated with the Manager, of which there are at the present time two, will each be paid a fee of \$25,000 per annum by the Fund together with his out-of-pocket expenses in attending meetings of the Board of Directors or of shareholders.

#### **ESCROW BANK AND CUSTODIAN**

The Fund's escrow account is maintained at Citco Bank Nederland N.V. ("Citco Bank"). Citco Global Custody ("Citco Custody") has agreed to act as custodian of the Fund's assets. Bernard L. Madoff Investment Securities ("BLM" and, together with other qualified entities with which sub-custodial arrangements may be made, the "Sub-Custodians", and each, singularly, a Sub-Custodian") serve as sub-custodians for certain assets of the Fund. The underlying assets of the Non-SSC Investments managers are held pursuant to custodial arrangements with Goldman, Sachs & Co., Refco, LLC and other qualified entities.

Citco Custody has been appointed custodian to the Fund pursuant to a brokerage and custody agreement dated September 20, 1994 between and among the Fund, Citco Bank and Citco Custody (the "Custody

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Agreement"). Citco Custody currently has U.S.\$36 billion under custody. Currently BLM has approximately 95% of the Fund's assets under custody. Citco Custody will be responsible for all of the assets of the Fund, other than the assets deposited with the Sub-Custodians. All assets under custody will be held by Citco Custody and/or a Sub-Custodian, as the case may be, in a separate client account and will be separately designated in the books and records of Citco Custody and the Sub-Custodians. Assets deposited as margin need not be segregated and may become available to the creditors of brokers.

Sub-custodians may be appointed by Citco Custody provided that Citco Custody shall exercise reasonable skill, care and diligence in the selection of a suitable sub-custodian and shall be responsible to the Fund for the duration of the sub-custody agreement for satisfying itself as to the ongoing suitability of the sub-custodians to provide custodial services to the Fund. Citco Custody will also maintain an appropriate level of supervision over the sub-custodians and will make appropriate inquiries periodically to confirm that the obligations of the sub-custodians continue to be competently discharged. Any sub-custodian appointed will be paid at normal commercial rates.

Citco Custody shall not be liable in the event of loss of any assets held by a sub-custodian, provided that such sub-custodian exercised reasonable care and acted without gross negligence or willful misconduct.

The Custody Agreement provides that Citco Bank shall receive an annual fee of \$35,000, plus actual sub-custodian charges and out-of-pocket expenses, together with a fee in the amount of \$25 per transaction. The Custody Agreement may be terminated by any of the parties thereto on thirty days' prior written notice. Pursuant to the Waiver and Indemnity Agreement between and among the Fund, Citco Bank and Citco Custody, dated April 20, 1995, the Fund has agreed to indemnify Citco Custody and Citco Bank against losses and liabilities arising out of the actions of certain sub-custodians of the Fund's assets which do not involve willful misconduct or gross negligence of Citco Bank or Citco Custody or a claim against a sub-custodian where either Citco Bank or Citco Custody do not carry out their responsibilities to the Fund with respect to such claim as set forth under the Custody Agreement.

#### **ADMINISTRATOR, REGISTRAR AND TRANSFER AGENT**

Pursuant to an agreement between Citco Fund Services (Europe) B.V. ("Citco") and the Fund, Citco serves as the administrator for the Fund, under the overall direction of the Fund's Board of Directors. As administrator, Citco has the responsibility for furnishing the day-to-day administrative services which the Fund may require, such as: accounting services; maintaining the Fund's books and records; preparation of reports and accounts; calculation of Net Asset Value and fees; communications with shareholders and/or governmental bodies; paying the Fund's expenses; providing suitable facilities and procedures for handling dividends and distributions (if any) and the orderly liquidation and dissolution of the Fund, if required. In consideration of its services, Citco receives a monthly fee based on the Net Asset Value of the Fund as of the last business day of each month at a rate of 5 basis points per annum.

To the extent that Citco relies on information supplied by the Fund, any investee fund of the Fund or any brokers engaged by the Fund, in connection with making any of the aforementioned calculations, Citco's liability for the accuracy of such calculations is limited to the accuracy of its computations. Citco shall not be liable for the accuracy of the underlying data provided to it.

Pursuant to the Administration Agreement, dated February 20, 2003, between the Fund and Citco, the Fund has agreed to indemnify Citco, its subsidiaries, affiliates, directors and other officers, shareholders, servants, employees, agents and permitted delegates under the Administration Agreement, against any and all liabilities, obligations, losses, judgments and expenses of any kind or nature whatsoever

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(collectively, the "Claims" and, individually, a "Claim") which may be imposed on, incurred by or asserted against any of them arising (other than by reason of negligence, bad faith, fraud or dishonesty on the part of Citco or such other indemnified party) out of the provision of services under the Administration Agreement. Similarly, Citco will indemnify the Fund from and against any Claim which arises directly out of the negligence, bad faith, fraud or dishonesty of its obligations on the part of Citco in connection with its provision of services under the Administration Agreement. The Administration Agreement may be terminated by either party on 90 days' prior written notice; provided, however, that the Administration Agreement may be terminated forthwith by notice in writing by either party if the other party (a) commits a material breach of the Administration Agreement and fails to cure such breach within 30 days after notice from the non-defaulting party; or (b) enters into involuntary liquidation or if a receiver is appointed over any of its assets.

### RISK FACTORS

The purchase of Shares in the Fund involves substantial risks that are incident to the Fund's allocation of assets to SSC and Non-SSC Investments.

1. **Trading Risks.** Substantial risks are involved in the trading of equity securities and options. Market movements can be volatile and are difficult to predict. U.S. Government activities, particularly those of the Federal Reserve Board, can have a profound effect on interest rates which, in turn, substantially affect securities and options prices, as well as the liquidity of such markets. Politics, recession, inflation, employment levels, trade policies, international events, war and other unforeseen events can also have significant impact upon the prices of securities and options. A variety of possible actions by various government agencies also can inhibit the profitability of the Fund's business or can result in losses. Such events, which can result in huge market movements and volatile market conditions, create the risk of catastrophic losses for the Fund.

Various techniques are employed to attempt to reduce a portion of the risks inherent in the trading strategies utilized on behalf of the Fund. The ability to achieve the desired effect through a particular technique is dependent upon many factors, including the liquidity of the market at the desired time of execution. Thus, substantial risk remains that the techniques employed by or on behalf of the Fund cannot always be implemented or effective in reducing losses. At various times, the markets for exchange-listed equity securities and options and/or other securities may be "thin" or illiquid, making purchases or sales of securities at desired prices or in desired quantities difficult or impossible. In addition, options prices are extremely volatile. The volume and volatility of trading in these markets depends in part on general public interest and public opinion concerning economic conditions as well as the liquidity provided by market-makers and specialists. The liquidity of the market may also be affected by a halt in trading on a particular futures or securities exchange or exchanges. Illiquid markets may make it difficult to get an order executed at a desired price.

2. **Trading Strategies May Not be Successful.** There can be no assurance that any trading method employed by or on behalf of the Fund will produce profitable results, and the past performance of the Fund is not necessarily indicative of its future profitability. In that regard, certain of the managers receiving Non-SSC Investment allocations may not have investment records compiled while managing assets on their own. Profitable trading is often dependent on anticipating trends or trading patterns. In addition, markets experiencing random price fluctuations, rather than defined trends or patterns, may generate a series of losing trades. There have been periods in the past when the markets have been subject to limited and ill-defined price movements, and such periods may recur. Any factor which may lessen major price trends (such as governmental controls affecting the markets) may reduce the prospect for future trading profitability. Any factor which would make it difficult to execute trades,

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such as reduced liquidity or extreme market developments resulting in prices moving the maximum amount allowed in a single day, could also be detrimental to profits or cause losses.

3. **Dependence Upon Principals and Key Employees of the Manager.** The services of the Manager's principals and key employees are essential to the continued operations of the Fund. If their services were no longer available, their absence would have an adverse impact upon an investment in the Fund. The key employees of the Manager will allocate a small portion of the Fund's assets between and among the Non-SSC Investment managers. The Fund will be dependent on the continued presence of these key employees in connection with identification of the recipients of these allocations and the monitoring of the Non-SSC Investments.

4. **Conflicts of Interest.** The Manager and the Non-SSC Investment managers receiving allocations of the Fund's assets, and their respective principals and affiliates, are presently affiliated with and may in the future form and manage, or provide other services to, other investment entities (including without limitation investment partnerships, investment companies and mutual funds) with substantially the same or different objectives as those of the Fund. They may also make investments in securities for their own accounts. In addition, the Manager functions as the investment manager for unregistered foreign investment companies in addition to the Fund. Such activities could detract from the time that the Manager and its principals allocate to the affairs of the Fund. The Manager will obtain certain business and financial benefits from the Fund's investments in the Non-SSC Investments which may result in a conflict of interest between the Manager and the Fund in the selection of, and allocation of assets between and among, the Non-SSC Investments. The broker-deal through which the Fund conducts its SSC Investments, in its role as a market-maker may effect transactions in equity securities with the Fund as principal. This may provide such broker-dealer with the ability to use the Fund's assets to enhance its securities market-making function. See "POTENTIAL CONFLICTS OF INTEREST".

5. **Custodian/Clearing Firm Loss or Insolvency.** If a custodian or clearing firm utilized in connection with accounts maintained on behalf of the Fund was to become insolvent, the Fund could have some or all of these positions closed out without its consent. In addition, all of the Fund's positions may not be closed out under these circumstances, yet delays or other difficulties may be experienced in attempting to close out or exercise options positions. Widespread insolvency among clearing firms that clear securities options could also impair the ability of the Options Clearing Corp. (the "OCC") to honor all exercises, in spite of the system of safeguards which the OCC has in place. Such widespread insolvency, or of a particular custodian, could result in substantial losses to the Fund.

6. **Competition.** The securities industry, including market-making activities and transactions effected in connection therewith, are very competitive. Competition from other persons or entities involved in activities similar to those of the Fund can restrict the ability of the Fund to acquire positions at the prices deemed most beneficial to its overall trading strategies. Many such competing persons or entities are better capitalized and have more experience in trading than the Fund. Moreover, the widespread use of computer-assisted trading systems for trading strategies can alter trading patterns or affect execution of trades to the detriment of the Fund.

7. **Regulated Industries.** The securities and commodities industries are highly regulated. The Fund will not be directly subject to regulation by the SEC, national securities exchanges, the CFTC or the Federal Reserve Board. However, the SEC and CFTC regularly review the practices and procedures of the securities and commodities industries, and the market place in general, and from time to time revises rules and regulations pertaining thereto. The exchanges engage in similar reviews and at times revise their rules. There can be no assurance whatsoever that any rules and regulations promulgated by the SEC, the CFTC, the Federal Reserve Board, or the various securities exchanges or statutory

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amendments to the Securities Exchange Act of 1934 or the Commodity Exchange Act will not adversely impact the Fund.

8. **Over-the-Counter Options Transactions.** Options transactions effected on behalf of the Fund may utilize the over-the-counter market for their execution. Trading index options in the over-the-counter market is subject to counter-party risk and is without the protections afforded by transactions effected through the OCC, a registered options exchange.

9. **Option Buyer's Risk of Loss of Entire Investment.** An option is a wasting asset which becomes worthless when the option expires. As the remaining life of an option shortens with the passage of time, its value is reduced until it reaches zero upon expiration. This means that the option buyer who neither sells it in the secondary market nor exercises it prior to expiration will lose his entire investment in the option.

10. **Arbitrage Transactions.** Among the many risks of arbitrage transactions are that two or more buy or sell orders may not be able to be executed simultaneously at the desired prices, resulting in a loss being incurred on both sides of a multiple trade arbitrage transaction. Also, the transaction costs of arbitrage transactions can be especially significant because separate costs are incurred on each component of the combination. Consequently, a substantial favorable price movement may be required before a profit can be realized.

11. **Combination Transactions.** At various times, the Fund may engage in spreads or other combination options transactions involving the purchase and sale of related options contracts, in various combinations. Such transactions are considerably more complex than the purchase or writing of a single option. The following are among the many risks of combination option transactions: the difficulty that may be involved in attempting to execute simultaneously two or more buy or sell orders at the desired prices; the possibility that a loss could be incurred on both sides of a multiple options transaction; and the possibility of significantly increased risk exposure resulting from the hedge against loss inherent in most spread positions being lost as a result of the assignment of an exercise to the short leg of a spread while the long leg remains outstanding. Also, the transaction costs of combination options transactions can be especially significant because separate costs are incurred on each component of the combination. This can have the effect of requiring a substantial favorable price movement before a profit can be realized.

12. **Trading Decisions Based on Trend Analysis.** Certain of the trading decisions of the Fund are based on the use of computer pricing models to identify apparently overpriced or underpriced options in relationship to an assumed norm. In addition, analyses of price and other fluctuations over time may be relied upon which utilize charts and computers in order to discern and predict trends. Trading based on such analyses is subject to the risks that options premiums will not increase or decrease as predicted by the analyses, or that trades dictated by the analyses may not be executed in time to take advantage of the price disparities. This latter risk is likely to materialize when numerous market makers use similar analyses, all of which dictate the desirability of executing identical or similar contracts. In the past, there have been periods without identifiable trends and, presumably, such periods will continue to occur. Trading models or analyses that depend upon the forecasting of trends will not be profitable if there are not identifiable trends of the kind that the models or analyses seek to follow. Any factor which would make it more difficult to execute trades in accordance with the models or analyses signals, such as a significant lessening of liquidity in a particular market, would also be detrimental to profitability.

13. **Assignment of Puts or Calls.** Substantial losses may result under certain circumstances if a hedged position becomes a long or short position due to the assignment of the short put

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or short call portion of the hedged position. Under normal market conditions, the remaining portion of the previously hedged portion may be liquidated or otherwise adjusted to limit exposure to price changes. Suspension of trading of the option class or underlying securities followed by a price gap at the reopening of trading might result in substantial losses. The same would be true given an illiquid market such as that of October 1987.

14. **Prohibition of Exercise Rights.** The options markets have the authority to prohibit the exercise of particular options. If a prohibition on exercise is imposed at a time when trading in the option has also been halted, holders and writers of that option will be locked into their positions until one of the two restrictions has been lifted.

15. **Incentive Compensation.** The Non-SSC Investment managers will generally be compensated through incentive arrangements. Under these arrangements, the Non-SSC Investment managers may benefit from appreciation, including unrealized appreciation in the value of the Non-SSC Investment, but may not be similarly penalized for decreases in the value of such investment vehicle. Such fee arrangements may create an incentive for the Non-SSC Investment managers to make purchases that are unduly risky or speculative. In most cases, however, the Fund anticipates that it will invest in Non-SSC Investments where the manager is required to recoup prior losses before any performance-type fee is payable in respect of current gains.

To the extent that an accrual for an incentive fee is reflected in the net asset value of shares of a Non-SSC Investment vehicle, then if such accrual is reversed by the Non-SSC Investment vehicle as a result of subsequent depreciation, all of the Shares of the Fund will benefit from the reversal of the accrual, including Shares purchased after the Non-SSC Investment vehicle made the accrual. Further, to the extent that the Performance Fee is reduced by the Non-SSC Investment Loss amount, then if such reduction is repaid in part or in whole by the Fund due to recoupment of losses by Non-SSC Investment vehicles, the Net Asset Value of all Shares of the Fund then outstanding will be reduced, including Shares purchased after the reduction of the Performance Fee.

16. **Risks of Leverage.** The Non-SSC Investment vehicles in which the Fund invests may borrow funds in connection with their investment strategies. A particular Non-SSC Investment vehicle may not be subject to any limitation in the amount of its borrowings, and the amount of borrowings that the Non-SSC Investment vehicle may have outstanding at any time may be large in comparison to its capital.

The use of leverage may provide the Non-SSC Investment vehicle with the opportunity for greater capital appreciation, but at the same time will increase the Non-SSC Investment vehicle's, and indirectly the Fund's, exposure to capital risk and higher current expenses. Moreover, if the assets of the Non-SSC Investment vehicle are not sufficient to pay the principal of, and interest on, the Non-SSC Investment vehicle's debt when due, the Fund could sustain a total loss of its investment in the Non-SSC Investment vehicle.

17. **Possibility of Misappropriation of Assets.** When the Fund invests utilizing the "split strike conversion" strategy or in a Non-SSC Investment vehicle, it will not have custody of the assets so invested. Therefore, there is always the risk that the personnel of any entity with which the Fund invests could misappropriate the securities or funds (or both) of the Fund.

18. **Sole Proprietor Non-SSC Investment Managers.** Some of the Non-SSC Investment vehicles to which the Fund may allocate capital may consist of investment operations with only one principal. In such cases, if that individual's services became unavailable to the Non-SSC Investment vehicle, the Fund might sustain losses.

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19. **Experience of Non-SSC Investment Managers.** While certain of the Non-SSC Investment Managers have had extensive experience in trading securities generally and within their specific investment strategies, they may have had little experience in investing and trading on behalf of a pooled investment vehicle, in utilizing certain of the investment strategies to be employed on behalf of the Fund or in managing an account as large as that anticipated for the Non-SSC Investments. In that regard, as the assets of the Non-SSC Investment vehicles increase, it is not known what effect, if any, this will have on the trading strategies utilized on their behalf or their investment results.

20. **Emerging Managers.** As the Non-SSC Investment vehicles generally will be in an early stage of formation or operation, this can pose a number of operational and other issues. For example, in its early stages the Non-SSC Investment manager may have little capital available to cover expenses and, accordingly, may have difficulty attracting qualified personnel. Competing investment managers have a larger number of qualified management and technical personnel and benefit from a larger capital base.

21. **Lack of Liquidity.** Certain of the Fund's investments in the Non-SSC Investments will be subject to lock-up provisions any of which will limit the ability of the Fund to withdraw capital from such investment. While such lock-up period may be subject to early release for breach of risk control or performance guidelines or for cause, there can be no assurance that the Fund will not sustain additional losses while such lock-up period remains in effect.

22. **Exchange Rate Risk.** The Fund will maintain its assets in U.S. dollars. The Net Asset Value per Share is determined in U.S. dollars. Non-dollar investors are subject to possible reduction in the value of their Shares due to changes in the rate of exchange between the U.S. dollar and their native currency. In addition, a hedge may be established in anticipation of new subscribers. In the event such subscriptions are not made, the hedge position will be unwound and the transactions will be borne by the existing shareholders.

#### POTENTIAL CONFLICTS OF INTEREST

The Manager, the Non-SSC Investment managers and their respective affiliates, officers and employees may form and manage other investment entities (including without limitation investment partnerships, investment companies, mutual funds and offshore funds) and provide investment services to clients other than the Fund in the future with substantially the same or different objectives as those of the Fund. They may also make investments in securities for their own accounts. Such activities could detract from the time they allocate to the affairs of the Fund and negatively impact the Fund's investment opportunities. Similarly, Messrs. Naess and Schmid, the non-affiliated directors, have other business interests and will not devote their entire time to the Fund's affairs. See also "RISK FACTORS".

In connection with the investment of Fund assets in Non-SSC Investments, the Manager and its affiliates may obtain financial and business benefits, including but not limited to: (i) additional investment capacity in Non-SSC Investments, which may be made available to other clients of the Manager, (ii) compensation from Emerging Managers in connection with placement of such additional investment capacity, and/or (iii) sharing in the equity or cash flows of the entire investment business (Fund and non-Fund related) of such Emerging Managers. The Manager will share with the Fund annually, through Performance Fee offset, an amount equal to the greater of (i) 50% of cash flows generated by equity held by the Manager or an affiliate thereof in the businesses of Emerging Managers and (ii) 10% of all revenues accruing to the Manager or an affiliate thereof directly from its association with Non-SSC Investment vehicles (the "Shared Cash Flow Amount"). Despite this sharing, however, the arrangements described in this paragraph may result in a conflict of interest between the Manager and the Fund.

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Because the Fund was organized by affiliates of the Manager, the fees paid by the Fund to the Manager were not the result of arms-length negotiation.

The Fund may engage placement agents to market the Fund. If you are introduced to the Fund by an agent, you should expect it to be paid by the Manager for the introduction out of the fees the Manager receives from the Fund. You should also expect the agent to have an incentive to recommend that you remain an investor in the Fund, since the agent will likely be paid a portion of the Manager's fees each year that you remain an investor.

The broker-dealer through which the fund conducts its SSC Investment activities, in its role as a market-maker, may effect transactions in equity securities with the Fund as principal. This may provide such broker-dealer with the ability to use the Fund's assets to enhance its equities market-making function.

Because Mr. Noel is a principal of the Manager as well as a Director of the Fund, he may have an incentive to take actions as a Director that favors the Manager over the Fund.

Citco Fund Services (Europe) B.V., Citco Bank Nederland N.V. Dublin Branch and Citco Global Custody N.V. are affiliates.

Each service provider to the Fund shall pay regard to its obligation to act in the best interest of the Fund and the Directors of the Fund will ensure that all such potential conflicts of interest are resolved fairly and in the interest of the shareholders. When allocating investment opportunities, the Manager will ensure that all such investments are allocated in a fair and equitable manner.

**PRIOR TRADING RESULTS**

The Fund's securities trading activities are directed by the Manager. Set forth below in capsule performance summary are the prior trading results of the Fund since its inception on a monthly basis. This performance is shown net of the monthly Management Fee of 0.0833% of Net Asset Value (1% per annum), the quarterly Performance Fee of 20% of New High Net Profits, which has been calculated monthly for purposes of these charts, and other expenses. Prior to July 1, 2003, the Fund was managed by an affiliate of the Manager. The trading results of the other entities for which FGBL or its affiliates have directed trading, or with which they have otherwise been affiliated, may be obtained upon request.

**The Fund**

The Fund allocates the predominant portion of its assets to a strategy described as "split strike conversion". (See "INVESTMENT POLICIES.") The Fund issued its shares at \$200 per share as on November 30, 1990. As of December 31, 2003, Net Asset Value per Share was \$957.84 (subject to audit). Prior performance is shown below on a monthly basis through December 31, 2003.

Period	Beginning Net Asset Value (1)	Additions (2)	Withdrawals (3)	Net Profit/Loss (4)	Ending Equity (5)	Rate of Return (6)	Shares Outstanding
<b>1990</b>							
December	4,363,400	8,157,216	0	123,779	12,644,395	2.84%	61,478
<b>1991</b>							
January	12,644,395	0	0	388,941	13,033,336	3.08%	61,478
February	13,033,336	0	0	190,582	13,223,918	1.46%	61,478
March	13,223,918	605,364	315,447	77,222	13,591,057	0.58%	62,818
April	13,591,057	1,799,968	0	189,610	15,580,635	1.40%	71,023
May	15,580,635	0	0	293,006	15,873,641	1.88%	71,023

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Period	Beginning Net Asset Value (1)	Additions (2)	Withdrawals (3)	Net Profit/Loss (4)	Ending Equity (5)	Rate of Return (6)	Shares Outstanding
June	15,873,641	4,848,334	0	58,587	20,780,562	0.37%	92,636
July	20,780,562	0	0	423,819	21,204,381	2.04%	92,636
August	21,204,381	0	0	226,959	21,431,340	1.07%	92,636
September	21,431,340	5,533,746	793,533	170,115	26,341,668	0.79%	112,964
October	26,341,668	0	0	742,835	27,084,503	2.82%	112,964
November	27,084,503	0	0	21,668	27,106,171	0.08%	112,964
December	27,106,171	5,514,647	21,703	441,219	33,040,334	1.63%	135,489

**RATE OF RETURN: 18.57%**

**1992**

January	33,040,334	0	0	161,245	33,201,579	0.49%	135,489
February	33,201,579	0	0	925,390	34,126,969	2.79%	135,489
March	34,126,969	6,245,218	1,891,095	343,980	38,825,072	1.01%	152,603
April	38,825,072	0	0	1,110,950	39,936,022	2.86%	152,603
May	39,936,022	0	0	-76,302	39,859,720	-0.19%	152,603
June	39,859,720	9,184,966	52,912	512,808	49,504,582	1.29%	187,121
July	49,504,582	0	0	-1,721	49,502,861	0.00%	187,121
August	49,502,861	0	0	456,575	49,959,436	0.92%	187,121
September	49,959,436	20,978,110	26,806	199,047	71,109,787	0.40%	265,279
October	71,109,787	0	0	995,069	72,104,856	1.40%	265,279
November	72,104,856	0	0	1,026,781	73,131,637	1.42%	265,279
December	73,131,637	4,636,235	0	1,043,369	78,811,241	1.43%	281,860

**RATE OF RETURN: 14.66%**

**1993**

January	78,811,241	0	0	-3,185	78,808,056	0.00%	281,860
February	78,808,056	0	0	1,522,044	80,330,100	1.93%	281,860
March	80,330,100	8,400,171	174,175	1,491,518	90,047,614	1.86%	310,197
April	90,047,614	0	0	49,104	90,096,718	0.05%	310,197
May	90,096,718	0	0	1,550,985	91,647,703	1.72%	310,197
June	91,647,703	21,630,468	894	789,049	114,066,326	0.86%	382,781
July	114,066,326	0	0	98,107	114,164,433	0.09%	382,781
August	114,164,433	0	0	2,028,739	116,193,172	1.78%	382,781
September	116,193,172	20,148,879	30,460	403,068	136,714,659	0.35%	448,829
October	136,714,659	0	0	2,422,330	139,136,989	1.77%	448,829
November	139,136,989	0	0	359,063	139,496,052	0.26%	448,829
December	139,496,052	20,144,941	5,522,656	632,176	154,750,513	0.45%	495,664

**RATE OF RETURN: 11.66%**

**1994**

January	154,750,513	2,499,475	0	3,373,291	160,623,279	2.18%	503,499
February	160,623,279	3,744,520	300,070	-575,550	163,492,179	-0.36%	514,335
March	163,492,179	11,896,109	1,747,663	2,478,735	176,119,360	1.52%	545,785
April	176,119,360	0	0	3,198,300	179,317,660	1.82%	545,785
May	179,317,660	6,489,179	0	945,192	186,752,031	0.53%	565,536
June	186,752,031	19,912,627	10,049,903	513,368	197,128,123	0.27%	595,215
July	197,128,123	2,644,775	3,306,812	3,510,400	199,976,486	1.78%	593,251
August	199,976,486	3,502,115	0	838,982	204,317,583	0.42%	603,597
September	204,317,583	11,949,985	8,944,492	1,678,318	209,001,394	0.82%	612,412
October	209,001,394	3,009,728	165,160	3,936,829	215,782,791	1.88%	620,593
November	215,782,791	4,272,314	1,342,682	-1,194,329	217,518,094	-0.55%	629,065

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Period	Beginning Net Asset Value (1)	Additions (2)	Withdrawals (3)	Net Profit/Loss (4)	Ending Equity (5)	Rate of Return (6)	Shares Outstanding
December	217,518,094	8,349,741	13,253,982	1,437,665	214,051,518	0.66%	614,975

**RATE OF RETURN: 11.49%**

**1995**

January	214,051,518	6,531,360	0	1,965,645	222,548,523	0.92%	633,569
February	222,548,523	4,036,226	5,746,065	1,690,996	222,529,680	0.76%	628,738
March	222,529,680	5,847,319	2,605,471	1,875,588	227,647,116	0.84%	637,821
April	227,647,116	3,703,035	541,500	3,841,022	234,649,673	1.69%	646,532
May	234,649,673	2,689,810	19,566	4,033,842	241,353,759	1.72%	653,765
June	241,353,759	3,704,370	6,314,199	1,213,061	239,956,991	0.50%	646,731
July	239,956,991	2,150,152	2,805,737	2,598,436	241,899,842	1.08%	644,983
August	241,899,842	7,987,906	1,397,472	-381,765	248,108,511	-0.16%	662,583
September	248,108,511	1,282,270	9,927,218	4,226,087	243,689,650	1.70%	639,883
October	243,689,650	6,278,096	5,869,513	3,891,193	247,989,426	1.60%	640,939
November	247,989,426	11,786,986	6,303,763	1,259,638	254,732,287	0.51%	655,039
December	254,732,287	3,504,248	7,797,963	2,803,763	253,242,335	1.10%	644,118

**RATE OF RETURN: 12.96%**

**1996**

January	253,242,335	5,112,706	8,125,743	3,770,800	254,000,098	1.49%	636,552
February	254,000,098	4,326,423	2,796,660	1,852,111	257,381,973	0.73%	640,358
March	257,381,973	7,631,216	5,905,689	3,159,206	262,266,706	1.23%	644,599
April	262,266,706	8,582,153	1,596,537	1,679,848	270,932,170	0.64%	661,660
May	270,932,170	14,474,663	1,167,224	3,811,955	288,051,564	1.41%	693,708
June	288,051,564	42,775,784	4,014,666	623,922	327,436,607	0.22%	786,854
July	327,436,607	8,106,296	5,108,487	6,288,688	336,723,104	1.92%	793,922
August	336,723,104	36,219,104	2,654,122	919,606	371,207,692	0.27%	872,846
September	371,207,692	62,038,406	3,235,919	4,531,387	434,541,566	1.22%	1,009,444
October	434,541,566	12,036,849	709,111	4,782,259	450,651,563	1.10%	1,035,472
November	450,651,563	30,780,959	6,293,629	7,097,233	482,236,126	1.57%	1,090,865
December	482,236,126	29,746,295	11,515,954	2,297,036	502,763,503	0.48%	1,131,908

**RATE OF RETURN: 12.97%**

**1997**

January	502,763,503	43,243,168	9,536,924	12,300,790	548,770,537	2.45%	1,205,981
February	548,770,537	39,643,333	1,057,113	4,014,291	591,371,048	0.73%	1,290,157
March	591,371,048	64,512,292	6,494,470	5,097,281	654,486,151	0.86%	1,415,649
April	654,486,151	42,440,532	4,216,998	7,629,767	700,339,452	1.17%	1,497,373
May	700,339,452	31,659,013	787,664	4,421,919	735,632,720	0.63%	1,562,964
June	735,632,720	69,112,559	6,804,423	9,893,080	807,833,936	1.34%	1,693,613
July	807,833,936	52,481,196	8,178,631	6,041,458	858,177,959	0.75%	1,785,804
August	858,177,959	36,666,097	21,752,715	2,965,872	876,057,213	0.35%	1,816,730
September	876,057,213	27,840,464	9,288,074	20,947,631	915,557,234	2.39%	1,854,305
October	915,557,234	29,687,157	4,818,657	5,081,365	945,507,099	0.56%	1,904,394
November	945,507,099	24,605,224	9,721,179	14,717,179	975,108,323	1.56%	1,933,913
December	975,108,323	30,971,574	24,902,843	4,122,122	985,299,175	0.42%	1,945,897

**RATE OF RETURN: 14.00%**

**1998**

January	985,299,175	64,128,161	4,125,194	8,991,182	1,054,293,324	0.91%	2,063,329
February	1,054,293,324	54,230,671	11,143,328	13,636,704	1,111,017,371	1.29%	2,146,992

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Period	Beginning Net Asset Value (1)	Additions (2)	Withdrawals (3)	Net Profit/Loss (4)	Ending Equity (5)	Rate of Return (6)	Shares Outstanding
March	1,111,017,371	95,721,424	26,362,202	19,466,433	1,199,843,026	1.75%	2,278,277
April	1,199,843,026	106,333,505	13,744,299	5,071,899	1,297,504,131	0.42%	2,453,347
May	1,297,504,131	79,146,772	10,310,446	22,781,809	1,389,122,266	1.76%	2,581,258
June	1,389,122,266	116,150,874	5,809,650	17,825,450	1,517,288,940	1.28%	2,783,083
July	1,517,288,940	118,183,377	13,707,714	12,612,398	1,634,377,001	0.85%	2,973,907
August	1,634,377,001	46,389,989	36,074,223	4,555,854	1,649,248,621	0.28%	2,992,510
September	1,649,248,621	40,386,702	98,307,437	17,204,958	1,608,532,844	1.04%	2,888,457
October	1,608,532,844	41,783,296	103,128,044	31,021,732	1,578,209,828	1.93%	2,780,384
November	1,578,209,828	70,996,507	17,958,632	13,314,829	1,644,562,531	0.85%	2,873,218
December	1,644,562,531	104,933,982	22,984,058	5,415,708	1,731,928,163	0.33%	3,013,350

**RATE OF RETURN: 13.42%**

**1999**

January	1,731,928,163	45,092,968	18,524,174	35,594,045	1,794,091,002	2.06%	3,061,038
February	1,794,091,002	111,903,663	20,600,407	3,148,148	1,888,542,407	0.18%	3,126,576
March	1,888,542,407	91,072,350	128,559,324	43,277,106	1,894,332,539	2.29%	3,154,158
April	1,894,332,539	111,884,699	4,451,465	6,774,495	2,008,540,268	0.36%	3,332,402
May	2,008,540,268	58,868,950	18,051,157	30,391,176	2,079,749,237	1.51%	3,399,115
June	2,079,749,237	62,267,285	19,845,772	36,687,904	2,158,858,654	1.76%	3,466,605
July	2,158,858,654	59,033,936	19,938,726	9,189,869	2,207,143,733	0.43%	3,529,768
August	2,207,143,733	45,330,076	9,376,222	20,742,718	2,263,840,305	0.94%	3,589,145
September	2,263,840,305	42,067,369	41,179,552	16,517,273	2,281,245,395	0.73%	3,587,770
October	2,281,245,395	77,425,625	17,954,855	25,426,891	2,366,143,055	1.11%	3,680,638
November	2,366,143,055	57,783,705	31,873,529	38,078,419	2,430,131,650	1.61%	3,720,304
December	2,430,131,650	47,002,695	21,613,195	9,506,086	2,465,027,236	0.39%	3,759,022

**RATE OF RETURN: 14.19%**

**2000**

January	2,465,027,236	64,235,939	27,573,080	54,317,122	2,556,007,217	2.20%	3,813,277
February	2,556,007,217	91,327,878	113,405,417	5,086,674	2,539,016,352	0.20%	3,780,849
March	2,539,016,352	108,078,165	127,090,606	46,758,544	2,566,762,455	1.84%	3,753,050
April	2,566,762,455	61,042,682	56,082,334	8,679,314	2,580,402,117	0.34%	3,760,278
May	2,579,848,257	110,459,522	52,948,330	35,235,908	2,672,595,357	1.37%	3,841,931
June	2,672,595,357	101,530,419	66,558,421	21,295,802	2,728,863,156	0.80%	3,892,028
July	2,729,207,613	81,613,273	34,447,095	17,611,761	2,793,985,552	0.65%	3,959,359
August	2,793,985,552	73,391,209	30,460,213	36,993,561	2,879,910,109	1.32%	4,027,863
September	2,879,910,109	104,779,206	35,286,623	7,288,186	2,956,690,877	0.25%	4,124,810
October	2,956,690,877	90,181,025	45,966,847	27,324,857	3,028,229,913	0.92%	4,185,928
November	3,028,229,913	85,384,090	71,253,618	20,728,720	3,063,089,104	0.68%	4,205,328
December	3,063,089,104	67,674,660	42,216,458	13,044,480	3,101,591,786	0.43%	4,240,131

**RATE OF RETURN: 11.55%**

**2001**

January	3,101,591,786	62,278,433	27,649,620	68,561,629	3,204,782,228	2.21%	4,286,448
February	3,204,782,228	52,531,167	33,018,838	4,568,911	3,228,863,468	0.14%	4,312,508
March	3,228,863,468	79,380,350	104,005,191	6,575,710	3,240,814,337	1.13%	4,279,988
April	3,240,814,337	76,560,499	34,333,422	42,918,485	3,325,959,900	1.32%	4,335,026
May	3,325,959,900	95,021,952	45,442,877	10,765,692	3,386,304,666	0.32%	4,339,439
June	3,386,304,666	9,379,518	120,636,949	7,919,722	3,365,966,958	0.23%	4,362,812
July	3,365,966,958	88,048,536	46,396,925	14,912,075	3,422,530,644	0.44%	4,416,561

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Period	Beginning Net Asset Value (1)	Additions (2)	Withdrawals (3)	Net Profit/Loss (4)	Ending Equity (5)	Rate of Return (6)	Shares Outstanding
August	3,422,530,644	16,431,369	38,447,533	34,398,818	3,434,913,298	1.01%	4,388,433
September	3,434,913,298	11,206,536	27,034,199	25,001,765	3,444,087,399	0.73%	4,368,358
October	3,444,087,399	41,274,678	40,829,146	44,190,756	3,488,723,687	1.28%	4,368,916
November	3,488,723,687	27,125,482	27,125,543	42,195,913	3,530,919,539	1.21%	4,368,916
December	3,530,919,539	47,352,122	30,412,928	6,646,084	3,554,504,763	0.19%	4,389,875

**RATE OF RETURN: 10.69%**

**2002**

January	3,554,504,763	50,956,862	27,476,760	1,128,253	3,579,113,117	0.03%	4,418,874
February	3,579,113,117	20,411,839	22,326,660	21,371,287	3,598,569,582	0.60%	4,416,510
March	3,598,569,582	37,040,351	14,197,008	16,499,072	3,637,911,997	0.46%	4,444,545
April	3,637,911,997	45,842,039	28,057,623	42,370,556	3,698,066,968	1.16%	4,466,273
May	3,698,066,968	18,283,875	76,412,970	77,039,592	3,716,977,465	2.12%	4,396,071
June	3,716,977,465	32,951,087	28,637,145	9,665,470	3,730,956,877	0.26%	4,401,173
July	3,730,956,877	83,125,986	39,604,398	126,728,363	3,901,206,828	3.36%	4,452,513
August	3,901,206,828	46,046,044	64,614,418	-2,165,035	3,880,473,419	-0.06%	4,431,320
September	3,880,473,419	104,397,742	74,031,004	4,902,961	3,915,743,118	0.13%	4,465,998
October	3,915,743,118	146,271,626	52,713,221	29,222,211	4,038,523,735	0.73%	4,572,703
November	4,038,523,735	42,572,701	50,159,834	6,538,396	4,037,474,997	0.16%	4,564,112
December	4,037,474,997	33,066,358	30,751,706	2,536,239	4,042,325,888	0.06%	4,566,729

**RATE OF RETURN: 9.32%**

**2003**

January	4,042,325,888	71,987,001	31,851,602	-11,080,942	4,071,380,346	-0.27%	4,612,071
February	4,071,380,346	34,780,792	15,575,154	1,513,057	4,092,099,042	0.04%	4,633,827
March	4,092,099,042	29,036,976	46,448,391	80,177,266	4,154,864,891	1.97%	4,614,111
April	4,154,864,891	70,917,092	103,023,261	4,058,419	4,126,817,141	0.10%	4,578,456
May	4,126,817,141	16,396,566	80,304,016	38,781,347	4,101,691,038	0.95%	4,507,554
June	4,101,691,038	29,587,939	32,005,392	40,858,948	4,140,132,533	1.00%	4,507,898
July	4,140,132,533	30,580,921	131,655,882	58,055,570	4,097,113,142	1.44%	4,394,918
August	4,097,113,142	31,029,032	31,070,481	9,132,540	4,106,204,233	0.22%	4,394,873
September	4,106,204,233	7,433,206	48,899,193	37,913,644	4,102,651,890	0.93%	4,350,492
October	4,102,651,890	40,148,868	42,705,371	54,219,285	4,154,314,672	1.32%	4,347,781
November	4,154,314,672	41,014,220	36,862,644	(3,383,166)	4,155,083,082	-0.08%	4,352,126
December	4,155,083,082	16,841,607	42,790,299	13,482,653	4,142,617,043	0.32%	4,324,948

**RATE OF RETURN: (8.21%)**

**NOTES TO TABLE**

- 1) Beginning Net Asset Value represents the sum of cash, cash equivalents and equity balances in trading accounts accounted for at fair market value. Beginning Net Asset Value is the same as the previous reporting period's Ending Equity.
- 2) Additions are the sum of capital contributions as of the last day of the reporting period.
- 3) Withdrawals are the sum of partial or total withdrawals of capital as of the last day of the reporting period.
- 4) Net Profit/Loss is the sum of the profits and losses realized from trading activities during the reporting period net of the quarterly performance fee (20% of new high net profits) and other expenses for the reporting period, which has been allocated monthly for purposes of this chart.

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- 5) Ending Equity is the sum of Beginning Net Asset Value plus additions, minus withdrawals, and Net Profit/(Loss) for the reporting period. Ending Equity is the Beginning Net Asset Value for the following reporting period.
- 6) Rate of Return is calculated by dividing Net Profit/(Loss) for the reporting period by the Beginning Net Asset Value for that reporting period. The cumulative Rate of Return figures which appear at the end of each year are calculated by applying on a compound basis each of the monthly or quarterly rates of return for such year to the Beginning Net Asset Value at the beginning of such year, not by adding or averaging the rates of return.

#### DESCRIPTION OF SHARES

The Fund is authorized to issue up to 10,000,000 shares in one class, with a par value of U.S. \$.01. The Fund has an authorized share capital of U.S. \$100,000. The Shares will be issued in registered form. Each Share, when issued, will be fully paid and non-assessable.

Holders of Shares are entitled to one vote per Share and will participate on a pro rata basis in the assets of the Fund on liquidation and in dividends and other distributions as declared.

#### DIVIDEND POLICY

Since the business objective of the Fund is directed toward achieving capital appreciation, it is anticipated that the Fund will not declare any dividends or make any distributions to its shareholders. Subject to the foregoing and to applicable law, the Fund's Board of Directors will have sole discretion in determining the amount and frequency of dividend distributions, if any. Any distributions made will be in accordance with the policies of the Irish Stock Exchange, which provide that a dividend payment may only be made out of the Fund's accumulated net income plus the net of accumulated realized and unrealized capital gains and accumulated net realized and unrealized capital losses.

#### TRANSFERS, REDEMPTIONS AND TERMINATION

##### Transfers

NO SALE OR TRANSFER OF SHARES WILL BE PERMITTED WITHOUT THE FUND'S CONSENT; HOWEVER, SHARES MAY BE REDEEMED AS OF THE LAST DAY OF EACH CALENDAR MONTH ON FIFTEEN (15) CALENDAR DAYS' NOTICE TO THE FUND.

Any sale or transfer of a shareholder's entire interest in any Shares or any transfer of Shares by operation of law must be submitted to the Fund for consent and will not be effective until such consent is given by the Fund. Any other dealing with Shares by way of assignment, pledge, mortgage or otherwise is prohibited unless consented to by the Fund and any attempt to do so without first obtaining the consent of the Fund will constitute grounds for compulsory redemption of the Shares concerned. Such consent may only be withheld if the transfer would result in regulatory, pecuniary, legal, taxation or material administrative disadvantages for the Fund or its shareholders as a whole. Any application to record a transfer of Shares, including an application to record a transfer by operation of law, if not approved by the Fund within 30 days, also will be treated as an application to redeem the Shares in question as of the next permissible redemption date and will be subject to a processing charge per share of 2% of the Net Asset Value per Share.

THE DISPOSITION OF SHARES TO U.S. PERSONS (INCLUDING U.S.TAX-EXEMPT INVESTORS AS DEFINED UNDER "OFFERING OF THE SHARES") WITHOUT THE PRIOR WRITTEN

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APPROVAL OF THE FUND IS EXPRESSLY PROHIBITED, AND THE FUND SHALL HAVE THE RIGHT COMPULSORILY AND IMMEDIATELY TO REDEEM ANY SHARES HELD FOR ANY REASON BY U.S. PERSONS.

**Redemptions at the Option of the Shareholders**

A shareholder may cause part or all of his Shares to be redeemed as of the last business day (i.e., any day not a Saturday or a Sunday, that is not a public holiday or a day on which banks are generally authorized or obliged by law or regulation to close in the Netherlands, the Republic of Ireland or the United States of America) of any month, provided that the Fund shall be in receipt of written notice of redemption for at least fifteen (15) calendar days prior to such redemption date. In the Fund's discretion, a shareholder requesting redemption of part of his Shares may be required to redeem all of his Shares unless such shareholder notifies the Fund to cancel the redemption.

**Compulsory Redemption**

The Fund reserves the right to make compulsory redemption where the holding of such Shares may result in regulatory, pecuniary, legal, taxation or material administrative disadvantages for the Fund or its shareholders as a whole. Except as set forth above, no processing charge will be imposed with respect to any Shares so compulsorily redeemed.

**Redemptions - General Information**

Redemptions will be at the Net Asset Value per Share, subject to any applicable processing charge, as described above. If notice of intent to voluntarily redeem is not received by the Fund within the prescribed period of time, then, in the Fund's discretion, the redemption date may be deferred to the end of the next following permissible redemption period, unless the shareholder notifies the Fund to cancel the redemption and the Directors consent to such cancellation. With respect to a total redemption of Shares, except in the case of extraordinary circumstances, such as an inability to liquidate existing positions, or the default or delay in payments due the Fund from brokers, banks or other persons, payment on redemptions will be made within 30 days after the redemption date. The Fund will not pay interest to the redeeming shareholders on any payment.

Partial redemptions will be paid in full within 30 days after the redemption date.

Shareholders bear the risk of any decline in Net Asset Value from the date notice of intent to redeem is given until the redemption date. In addition, the Fund may temporarily suspend any redemption during any period that the Fund has suspended the calculation of its Net Asset Value (see "OFFERING OF THE SHARES- Net Asset Value Defined"). Requests for redemption can be made by use of the form included in the Subscription Documents which accompany this Memorandum.

**Termination**

The shareholders may, by a majority vote, elect to wind up and dissolve the Fund at any time. If the Fund's Board of Directors determines that it would be in the best interests of the Fund to wind up and dissolve the Fund at any time, it will recommend to the shareholders that they vote to do so, and will submit a plan of dissolution for approval by the shareholders.

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### ANTI-MONEY LAUNDERING REGULATIONS

As part of the Fund's or Administrator's responsibility for the prevention of money laundering, the Manager and its affiliates, subsidiaries or associates may require a detailed verification of a shareholder's identity, any beneficial owner underlying the account and the source of the payment.

The Manager reserves the right to request such information as is necessary to verify the identity of a subscriber and the underlying beneficial owner of a subscriber's or a shareholder's Shares in the Fund. In the event of delay or failure by the subscriber or shareholder to produce any information required for verification purposes, the Manager may refuse to accept a subscription or may cause the redemption of any such shareholder from the Fund. The Fund, without notice, may suspend the redemption rights of such shareholder if the Fund or the Manager reasonably deems it necessary to do so to comply with anti-money laundering regulations applicable to the Fund, the Manager or any of the Fund's other service providers.

Each subscriber and shareholder shall be required to make such representations to the Fund as the Fund and the Manager shall require in connection with such anti-money laundering programs, including without limitation, representations to the Fund that such subscriber or shareholder is not a prohibited country, territory, individual or entity listed on the U.S. Department of Treasury's Office of Foreign Assets Control ("OFAC") website and that it is not directly or indirectly affiliated with, any country, territory, individual or entity named on an OFAC list or prohibited by any OFAC sanctions programs. Such shareholder shall also represent to the Fund that amounts contributed by it to the Fund were not directly or indirectly the proceeds of criminal conduct or derived from activities that may contravene U.S. federal, state or international laws and regulations, including anti-money laundering laws and regulations.

### ANTI-MONEY LAUNDERING POLICIES

To ensure compliance with statutory and other generally accepted principles aimed at the prevention of money-laundering, the Fund and/or the Administrator may require a detailed verification of a prospective investor's identity. Although the Fund and/or the Administrator reserve the right to request a detailed verification of a prospective investor's identity, a detailed verification should not be necessary if:

- the prospective investor makes a subscription payment from an account held in their own name at a Qualified Financial Institution (a "QFI"); or
- the prospective investor is introduced by a QFI and that QFI provides written assurance to the Fund and/or the Administrator that it has established the identity of the prospective investor and holds evidence of that identity.

A QFI is defined as a financial institution which is:

- established in a European Union (EU) member state and subject to the EU Money Laundering Directives; or
- established in one of the countries which make up the Financial Action Task Force ("FATF") and/or is subject to regulation which complies with the FATF Recommendations. Such countries are the 15 EU countries as of 1<sup>st</sup> January 2004, being Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain, Sweden and the United Kingdom,

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together with Australia, Canada, Guernsey, Hong Kong, Iceland, Isle of Man, Japan, Jersey, New Zealand, Norway, Singapore, Switzerland, Turkey and the United States.

Subscription payments will not be accepted unless made from an account held in the name of the prospective investor. In addition, prospective investors who DO NOT make the subscription payment from an account held at a QFI and who are NOT introduced by a QFI will be required to provide the following documentation, as relevant to their status.

**Individual Investors** will be required to provide the following information:

- full name;
- permanent address;
- a certified copy of their passport or national identity card;
- a bank reference letter; and
- verification of address.

**Partnerships** will be required to provide the following information:

- a mandate from the partnership authorizing the subscription and conferring authority on those persons executing the subscription agreement; and
- the identities of at least two partners and of all those authorized to issue instructions.

**Corporate entities** that are quoted on a stock exchange in an EU member country or in one of the QFI prescribed countries or that are known to be the subsidiary of such a quoted company will be required to provide the following information:

- the original or certified copy of the certificate of incorporation or similar document;
- a list of the directors' names, occupations, addresses and dates of birth; and
- properly authorized mandate of directors authorizing the subscription and conferring authority on those persons executing the subscription form.

Where the prospective investor to the transaction is a corporation that is a private company, the following additional information will need to be provided:

- certified passport copies or national identity card copies of at least two directors; and
- a list of names and addresses of shareholders holding 10% or more of the issued share capital of the company and in the case of individual shareholders, their occupations and dates of birth.

When a significant shareholder of a private company (25% or more) is a body corporate, information will need to be provided from the company regarding the ultimate beneficial ownership of that particular body corporate. If the ultimate beneficial owner(s) of that particular body corporate is (are) individual(s), such

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individual(s) will need to provide the information that is required from individual investors and outlined above.

Furthermore, subscriptions will be cross checked against lists held by various international agencies in order to establish that the persons or entities subscribing have not been blacklisted or wanted in connection with a criminal investigation. Such international agencies include the Bahamas Financial Intelligence Unit, the Central Bank of Ireland, the FBI, the Bank of England and the US Treasury Department's Office of Foreign Assets Control (OFAC). Other agencies will be consulted as and when appropriate.

Finally, it should be noted that redemption payments will only be paid to a bank account held in the name of the registered owner of the Shares and that any transferee will have to furnish the same information (and enter into a subscription agreement) which would be required in connection with a direct subscription in order for a transfer application to be considered by the Administrator.

Pending the provision of evidence satisfactory to the Administrator as to the identity of any prospective investor, the evidence of title in respect of Shares may be retained at the absolute discretion of the Administrator. If, within a reasonable period of time following a request for verification of identity, the Administrator has not received evidence satisfactory to it as aforesaid, it may, in its absolute discretion, refuse to allot the Shares applied for in which event application moneys will be returned without interest to the account from which such moneys were originally debited.

Financial institutions which have been duly qualified and authorized to exercise their activity in their respective countries as a bank and which are subject to internationally recognized anti money-laundering legislation may subscribe for Shares on behalf of their clients.

#### **TAX CONSIDERATIONS AND EXCHANGE CONTROL**

As of the date of this Memorandum, the Fund is exempt from all provisions of the Income Tax Act of the BVI, including with respect to all dividends, interests, rents, royalties, compensation and other amounts payable by the Fund to persons who are not persons resident in the BVI. Capital gains realized with respect to any shares, debt obligation or other securities of the Fund by persons who are not persons resident in the BVI are also exempt from the provisions of the Income Tax Act of the BVI. No estate, inheritance, succession or gift tax, rate, duty, levy or other charge is payable by persons who are not persons resident in the BVI with respect to any shares, debt obligations or other securities of the Fund.

There are no exchange control restrictions in the BVI. Accordingly, the Fund will be free to acquire, to hold and to sell any foreign currency and securities without restriction.

The Fund's gains from its investments in or trading in stocks, options or other investments should not be subject to United States federal income, branch or withholding taxes because the Fund expects that it will not be engaged (or treated as engaged) in a "trade or business" in the United States, or treated as a personal holding company, for United States federal income tax purposes. Any dividend income received by the Fund from U.S. corporations generally will be subject to United States federal withholding taxes. Although substantially all of the interest earned by the Fund from sources within the United States is expected to be of the type which will not be subject to United States federal income, branch or withholding taxes, the Fund may earn interest from time to time that could be subject to United States federal income, branch or withholding taxes (although it is not expected that the amount of such taxes would be material). In addition, with respect to Shares held by non-U.S. persons who are not engaged in

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a "trade or business" in the United States (as defined under the Code), such persons should not be subject to United States federal income, branch or withholding taxes (i) on dividends paid to them by the Fund and (ii) on the redemption of their Shares by the Fund. The Fund expects that it will not be subject to state and local taxes in the United States on its income or capital. Because of the absence of full guidance under state and local law, however, this result is not entirely clear. The conclusions in this paragraph are based on the Code and existing laws, judicial decisions and administrative regulations, rulings and practice in the United States, all of which are subject to change.

#### Non-U.S. Investors

In addition, with respect to Shares held by Non-U.S. Persons who are not engaged in a "trade or business" in the United States (as defined under the Code), such persons should not be subject to United States federal income, branch or withholding taxes (i) on dividends paid to them by the Fund and (ii) on the redemption of their Shares by the Fund.

#### U.S. Tax-Exempt Investors

As noted above, Shares may be sold to a limited number of U.S. Tax-Exempt Investors which are pension and profit sharing trusts or other tax exempt organizations. The Fund is a "passive foreign investment company" ("PFIC") as defined in Code Section 1297. Under present law, assuming a U.S. Tax-Exempt Investor does not borrow money or otherwise utilize leverage in connection with its acquisition of Shares, any dividends from the Fund or gain on the sale or redemption of Shares should not constitute "unrelated debt-financed income" as defined in Code Section 512 to the U.S. Tax-Exempt Investor and should not be subject to United States federal income tax under the PFIC provision of the Code.

#### ERISA Matters

The Fund will not accept any contributions from investors that are "benefit plan investors" as defined in U.S. Department of Labor Regulation 2510.3-2101, pension plans or similar pension or retirement trusts (all such entities are herein referred to as "Plans") if after such contribution the Shares in the Fund held by the Plan would be 25% or more of the total outstanding shares of any class of shares in the Fund. If the shares in the class held by the Plans were to exceed this 25% limit, then the Fund's assets would be considered "plan assets" under the U.S. Employee Retirement Income Security Act of 1974, as amended ("ERISA"), which could result in adverse consequences to the Manager and the fiduciaries of the Plans.

Prospective subscribers should consult their professional advisors on the possible tax consequences of subscribing for, buying, holding, selling, transferring or redeeming Shares under the laws of their country of citizenship, residence or domicile.

### **PRIVACY POLICY**

Set forth below is a summary of the policies and practices of the Fund and the Manager with respect to the treatment of nonpublic personal information acquired about the Fund's investors. The provisions of this policy apply to current and former investors in the Fund and are subject to change.

1. The Fund and the Manager collect nonpublic personal information about investors from the following sources: (i) information received from subscribers in subscription documents and other forms; and (ii) information about an investor's transactions with the Fund, the Manager and their respective affiliates. This information may be received in any manner, including in-person discussions, telephone conversations, and electronic or other written communications.

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2. The Fund and the Manager do not disclose any nonpublic personal information about investors to anyone other than the affiliates of the Fund and the Manager and “Service Providers” without permission, except as required or permitted by law (including, without limitation, as required pursuant to applicable US and anti-money laundering laws). Service Providers include third parties that provide the Partnership with services, such as brokers, transfer agents, custodians, accountants, lawyers, bankers, and other professional service providers.
3. The Fund and the Manager restrict access to nonpublic personal information, about investors to those employees and agents who need to know that information in order to provide services. They maintain physical, electronic and procedural safeguards to guard personal information.
4. The Fund and the Manager will continue to adhere to the policies and practices described herein with respect to information acquired about investors, even if such investor has redeemed its Shares from the Fund.
5. The Fund and the Manager reserve the right to change these policies and practices at any time and will provide investors with a notice describing the revised policies. In addition, this privacy policy will be sent to investors annually.

#### PROXY VOTING POLICY

The Fund invests a portion of its assets in equity securities offered by publicly traded entities. From time to time, such entities may ask their investors to vote their interests in the entities with regard to corporate governance and other matters. The Manager, as the investment manager of the Fund has authority to vote such proxies and other securities on behalf of the Fund and may delegate such authority to custodians or sub-custodians of its assets. In addition, the managers of the Non-SSC Investments will vote proxies relating to those investments.

The Fund and the Manager have developed a proxy voting policy which they believe ensures that the Manager votes proxy proposals, amendments, consents or resolutions relating to the Fund’s securities (collectively, “proxies”) in a manner that best serves the interests of the Fund. They have reviewed the proxy voting policies of the custodians, sub-custodians and Non-SSC Investments managers. The following factors are elements of the proxy voting policies of each of the foregoing:

- the impact on short-term and long-term value;
- the preservation and increase in capital of the Fund;
- the costs and benefits associated with the proposal;
- the effect on the liquidity of the Fund; and
- the customary industry and business practices.

With respect to proxies, the Manager will:

- maintain accurate records as to voting proxies;
- with the Fund, periodically review voting procedures employed and actions taken on individual voting situations;
- have procedures in place for reconciling proxies;
- take reasonable steps to ensure that proxies for which it is responsible are received and, where appropriate, voted; and

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- comply with all current applicable proxy laws, rules and regulations.

## LEGAL MATTERS

Legal matters in connection with this offering have been passed upon for the Fund in the United States by Andrew E. Goldstein, Esq., 488 Madison Avenue, 16th Floor, New York, New York 10022. Matters with respect to the laws of the British Virgin Islands have been passed upon by Conyers Dill & Pearman, Romasco Place, Wickhams Cay 1, P.O. Box 3140, Road Town, Tortola, British Virgin Islands.

## MISCELLANEOUS

### Reports and Financial Statements

The Fund's fiscal year will end on December 31, except that the Fund's final fiscal year will terminate on the date the Fund commences to wind up and dissolve. The Fund will keep its books on an accrual basis. Audited financial statements of the Fund will be mailed to shareholders at their registered addresses and the Irish Stock Exchange, normally within 120 days after year-end. At the same time, each shareholder shall be furnished with an annual report of the Fund, which will include the Net Asset Value of the Fund and the Net Asset Value per Share at the end of the year, and such other information as the Fund, in its discretion, determines to be necessary or appropriate. Shareholders also will receive an unaudited interim report with respect to the Fund's financial performance within four months from the end of June of each year.

### 1) General

- a) No Share or loan capital of the Fund is under option or agreed, conditionally or unconditionally, to be put under option.
- b) Shares in the Fund are in registered form. Temporary documents of title will not be issued.
- c) Except for their ownership of Shares, none of the Directors or any connected person has any interest in the Shares or loan capital of the Fund, the existence of which is known to, or could with reasonable diligence be ascertained by, the relevant Director.
- d) None of the Directors has a service contract with the Fund and no such contract is proposed, although, Walter M. Noel, Jr. is a principal of the Manager.
- e) No loan or guarantee has been granted or provided by the Fund to or for the benefit of any Director.
- f) None of the Directors or any member of their respective immediate families has or has had any interest in any transaction or transactions which are or were unusual in their nature or conditions or significant in the business of the Fund and which have been effected by the Fund since its incorporation.
- g) As of the date of this Confidential Private Placement Memorandum, the Shares have commenced operations, but no dividends have been declared.
- h) The Fund has no loan capital outstanding, no loan capital created but unissued, no loans or any other borrowing or indebtedness or any contingent liabilities, nor has it given any guarantees.

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**2) Litigation and Arbitration**

The Fund is not engaged in any legal or arbitration proceedings and no legal or arbitration proceedings are known to the Directors to be threatened by or against the Fund.

**3) Memorandum and Articles of Association**

Pursuant to Paragraph 4 of the Fund's Memorandum of Association, the Fund may engage in any act or activity that is not prohibited under any law for the time being in force in the BVI. As such, the Fund may carry on business as an investment company. The Fund's Memorandum and Articles of Association may be amended by a resolution of Directors or a resolution of shareholders.

The Memorandum and Articles of Association of the Fund provide that no director or officer of the Fund shall be liable for the acts, receipts, neglects or defaults of any other director or officer, or for joining in any receipt or act for conformity, or for any loss or expense happening to the Fund through the insufficiency or deficiency of title to any property acquired by order of the directors for or on behalf of the Fund, or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Fund shall be invested, or for any loss or damage arising from the bankruptcy, insolvency, or tortious act of any person with whom any moneys, securities or effects shall be deposited, or for any loss occasioned by any error of judgment, omission, default, or oversight on his part, or for any other loss, damage, or misfortune whatever which shall happen in relation to the execution of the duties of his office or in relation thereto, to the extent permitted by law.

The Memorandum and Articles of Association of the Fund further provide that each director or officer of the Fund shall be indemnified by the Fund against, and it shall be the duty of the directors out of the funds of the Fund to pay, all costs, losses, and expenses which any director or officer may incur or become liable for by reason of any contract entered into, or act or thing done by him as such director or officer, or in any way in the discharge of his duties, and the amount for which such indemnity is provided shall immediately attach as a lien on the property of the Fund, and have priority as between the shareholders over all other claims but only if such director or officer acted honestly and in good faith with a view to the best interests of the Fund and, in the case of criminal proceedings, the person had no reasonable cause to believe that his conduct was unlawful.

**4) Directors**

- a) The number of Directors shall not be less than one (1) or more than twenty (20).
- b) The remuneration of Directors shall be fixed from time to time by the Board. Currently the Director who is affiliated with the Manager does not receive compensation as a Director. The two Directors not affiliated with the Manager are each paid \$25,000 per annum.
- c) None of the Directors has a service contract, existing or proposed with the Fund, although Walter M. Noel, Jr. is a principal of the Manager.
- d) There is no retirement age for Directors.
- e) The Directors may vote on any transaction in which they have a material interest if they first disclose the nature of their interest to the Fund.
- f) The Directors may, by resolution of Directors, fix the emoluments of the Directors with respect to services to be rendered in any capacity to the Fund.

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- g) The Directors may exercise the powers of the Fund to borrow money and to mortgage or charge its undertakings, property and uncalled capital or any part thereof, to issue debentures, debenture stock and offer securities whenever money is borrowed as security for any debt, liability or obligation of the Fund.
- h) No Director has
- any unspent convictions in relation to indictable offenses;
  - been adjudged a bankrupt, entered into a voluntary arrangement with creditors or had a receiver appointed to oversee any asset of such Director;
  - been the director of any company which, while he was a director with an executive function or after 12 months after he ceased to be director with an executive function, had a receiver appointed or went into compulsory liquidation, creditors voluntary liquidation, administration or company voluntary arrangements, or made a composition or arrangements with its creditors generally or with any class of its creditors;
  - been a partner of any partnership which, while he was partner or within 12 months after he ceased to be a partner, went into compulsory liquidation, administration or partnership voluntary arrangement or had a receiver appointed to oversee any partnership asset;
  - had any public criticism by statutory or regulatory authorities (including recognized professional bodies); or
  - been disqualified by a court from acting as a director or from acting in the management or affairs of any company.

#### 5) **Borrowing Powers**

The Board may exercise all the powers of the Fund to borrow money, give guarantees and to mortgage, pledge or charge all or part of its undertaking, property and uncalled capital and to issue debentures and other securities, whether outright or as collateral security for any liability or obligation of the Fund.

#### **Documents Available for Inspection**

Copies of the following documents will be available for inspection at the offices of the Fund's registered office in the British Virgin Islands and the offices of the Sponsoring Broker during usual business hours on any weekday (Saturdays, Sundays and holidays excepted):

- a) the Memorandum and Articles of Association of the Fund;
- b) the material contracts of the Fund;
- c) the British Virgin Islands Mutual Funds Act, 1996;
- d) when available, the latest financial statements of the Fund;

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- e) audited accounts as of the close of the last immediately fiscal year;
- f) Auditors letter of consent; and
- g) a list of all past and present directorships and partnerships held by each Director over the past five years.

### COUNTRY-SPECIFIC NOTICES

Australia. No offer for subscription or purchase of the Shares offered hereby, nor any invitation to subscribe for or buy such Shares, has been made or issued in Australia, otherwise than by means of an excluded issue, excluded offer or excluded invitation within the meaning of Section 66(2) or 66(3) of the Corporations Law. Accordingly, the Memorandum has not been lodged with the Australian Securities Commission. Further, the Shares offered hereby may not be resold in Australia within a period of six (6) months after the date of issue otherwise than by means of an excluded offer or excluded invitation as described above.

Bahamas. The Shares may not be offered or sold or otherwise disposed of in any manner to persons deemed by the Central Bank of the Bahamas as resident for exchange control purposes, unless such persons deemed as resident obtain the prior approval of the Central Bank of the Bahamas.

Belgium. The information in this Memorandum may not be disclosed to the public in Belgium, the Shares may not be offered, sold, transferred or delivered in or from Belgium as part of their initial distribution or at any time thereafter, directly or indirectly, other than to persons or entities mentioned in Article 3 of the Royal Decree of January 9, 1991 Relating to the Public Characteristic of Operations Calling for Savings and on the Assimilation of Certain Operations to a Public Offer (Belgian Official Journal of January 12, 1991). Therefore, the Shares are exclusively designed for credit institutions, stock exchange companies, collective investment funds, companies or institutions, insurance companies, and/or pension funds acting for their own account only.

Brazil. The Shares have not been, and will not be, registered with the Comissao de Valores Mobiliarios and may not be offered or sold in Brazil except in circumstances which do not constitute a public offering or distribution under Brazilian laws and regulations.

British Columbia and Ontario, Canada. The Memorandum constitutes an offering of the securities described therein only in those jurisdictions and to those persons where and to whom they may be lawfully offered for sale, and therein only by persons permitted to sell such securities. The Memorandum is not, and under no circumstances is to be construed as, an advertisement or a public offering of the securities described therein in Canada. No securities commission or similar authority in Canada has reviewed or in any way passed upon the Memorandum or the merits of the securities described therein, and any representation to the contrary is an offense. If the Memorandum, together with any amendment thereto, contains an untrue statement of a material fact or omits to state a material fact that is required to be stated or is necessary in order to make any statement therein not misleading in the light of the circumstances in which it was made (a "Misrepresentation") and it was a Misrepresentation on the date of purchase, purchasers in British Columbia and Ontario to whom the Memorandum was sent or delivered and who purchase Shares shall have a right of action against the Fund for rescission (while still the owner of such shares) or alternatively, for damages, exercisable on written notice given not more than 90 days subsequent to the date of purchase, provided that the Fund will not be liable: (a) if the purchaser purchased such Shares with knowledge of the Misrepresentation; (b) for all or any portion of any damages that the Fund proves do not represent the depreciation in value of such Shares as a result of the Misrepresentation; and (c) for amounts in excess of the price at which such Shares were sold to the

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purchaser. The foregoing summary is subject to the express provisions of either the Securities Act (British Columbia) or the Securities Act (Ontario), whichever the case may be, and reference is made to the complete text of such provisions.

British Virgin Islands. The Shares offered hereby may not be sold to or purchased by persons resident in the British Virgin Islands, but may be sold to British Virgin Islands international business companies.

Cayman Islands. No invitation may be made to the public in the Cayman Islands to subscribe for the Shares unless the Fund is listed on the Cayman Islands stock exchange. Cayman Islands exempted and ordinary non-resident companies and certain other persons engaged in offshore business, however, may be permitted to acquire Shares.

Chile. The Shares have not been, and will not be, registered with the Superintendencia de Valores y Seguros (the Chilean Securities Commission) and may not be offered and sold in Chile except in circumstances which do not constitute a public offering or distribution under Chilean laws and regulations.

Republic of China. No invitation to offer for, or sale of, the Shares shall be made to the public in China or by any means that would be deemed public under the laws of China. The offer of Shares is personal to the investor to whom the Memorandum has been addressed by the Fund. Business entities incorporated under the laws of China (excluding foreign investment business entities) shall apply for approval from the Chinese government authorities before purchasing the Shares. Furthermore, all business entities incorporated under the laws of China and Chinese citizens residing in China shall obtain prior approval from the Chinese Foreign Exchange Authority before purchasing Shares.

Costa Rica. The Shares have not been, and will not be, registered with the Comision Nacional de Valores (the Costa Rican Securities Commission) and may not be offered or sold in Costa Rica except in circumstances which do not constitute a public offering or distribution under Costa Rican laws and regulations.

Ecuador. The Shares have not been, and will not be, registered with the Superintendencia de Companias del Ecuador (the Ecuadorian Securities and Exchange Commission) and may not be offered and sold in Ecuador except in circumstances which do not constitute a public offering or distribution under Ecuadorian laws and regulations. This communication is for informative purposes only; it does not constitute a public offering of any kind.

France. "Cette note d'information n'a pas été soumise au visa de la Commission des Opérations de Bourse. Par conséquent, ni cette note d'information, ni tout autre document promotionnel se rapportant aux intérêts ne pourront être communiqués au public ou utilisés dans la cadre de toute offre de souscription ou de vente des intérêts en France et les intérêts ne peuvent être émis, offerts ou cédés de toute façon en France. Les investisseurs doivent agir pour leur propre compte. Le vente, directe ou indirecte, au public des instruments financiers acquis sera faite conformément aux dispositions les concernant." This Memorandum has not been submitted to the Commission des Operations de Bourse in France. Accordingly, neither this Memorandum nor any other offering materials relating to the Shares may be available to the public or used in connection with any other offer for subscription or sale of the Shares in France, and the Shares may not be issued, offered or otherwise sold in France, investors should act for their own account. The sale, direct or indirect, in the public of the purchased financial instruments will be made in compliance with all requirements in relation thereto.

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Germany. Any person who is in possession of the Memorandum understands that no action has or will be taken which would allow an offering of the Shares to the public in Germany. Accordingly, the Shares may not be offered, sold or delivered and neither the Memorandum nor any other offering materials relating to the Shares may be distributed or made available to the public in Germany. Individual sales of the Shares to any person in Germany may only be made according to German securities, tax and other applicable laws and regulations.

Greece. The Shares may not be offered or sold in any manner that constitutes an offer or sale to the public in the Hellenic Republic within the laws and regulations from time to time applicable to public offers or sales of securities.

Hong Kong. No action has been taken to permit an offering of the Shares to the public in Hong Kong and, accordingly, no copy of this Memorandum may be issued, circulated or distributed in Hong Kong other than (i) exclusively to persons whose business involves the acquisition, disposal or holding of securities, whether as principal or agent, or (ii) otherwise in circumstances that do not constitute an invitation to the public for the purpose of the Protection of Investors Ordinance (Chapter 335 of the Laws of Hong Kong).

Ireland. It is not the intention of the Fund to advertise or market the Shares in Ireland, and no such marketing will take place without the prior approval in writing of the Central Bank of Ireland.

Isle of Man. The Fund is not a recognized collective investment scheme for the purposes of Sections 12 or 13 of the Financial Services Act 1988 (the "FS Act") of the Isle of Man and is accordingly subject to the prohibition on the promotion of collective investment schemes as contained in Section 1(1) of the FS Act. Accordingly, the Memorandum may only be issued or passed on to any person in the Isle of Man by way of the two limited exceptions to this general prohibition contained in Section 1(2) of the FS Act and the Financial Supervision (Promotion of Unregulated Schemes (Exemption)) FS Regulations 1992 (the "Exemption Regulations"). Under Regulation 3(2) of the Exemption Regulations, any advertisement issued in the Isle of Man in connection with the Fund must contain a statement either (a) that participants in the Fund are not protected by any statutory compensation scheme; or (b) that participants in the Fund are protected by a statutory compensation scheme and particulars sufficient to identify the compensation arrangements.

Israel. The Shares are offered to a limited number of sophisticated investors, in all cases under circumstances designed to preclude a distribution which would be other than a private placement. The Memorandum may not be reproduced or used for any other purpose, nor be furnished to any other person other than those to whom copies have been sent. Israeli residents, other than those considered "exemption holders" under the General Currency Control Permit, 1978, require a special permit from the Israeli Controller of Foreign Currency in order to purchase the Shares.

Italy. This Memorandum may not be distributed to members of the public in Italy. The Italian Commission Nazionale per la Societa e la Borsa has not authorized any offering of the subscription of Shares in the Fund; accordingly, Shares may not be offered or sold in Italy or to residents thereof except as permitted by Italian law. With respect to any potential purchaser or transaction subject to Italian law, this Memorandum is for the sole use of the person who has requested it and whose name appears on the cover page hereof (the "Prospective Buyer") and may not be disclosed, in whole or in part, to any person other than the Prospective Buyer and the Prospective Buyer's authorized agents. This Memorandum may not be copied in whole or in part. The Prospective Buyer, by accepting delivery of the Memorandum, agrees to return it to the Fund if such Prospective Buyer does not undertake to purchase the securities offered hereby.

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Japan. Under Article 23-14 Paragraph 1 of the Securities Exchange Law (the "SEL"), the purchase of Shares cannot be made unless the purchaser agrees to the condition that it will not make an assignment of the Shares to any person other than a non-resident of Japan (having the same meanings as defined in Article 6, Paragraph 1(6) of the Foreign Exchange and Foreign Trade Control Laws), except for the case that all the Shares (excluding the Shares assigned to non-residents of Japan) are assigned to one person. Furthermore, disclosure under the SEL has not been made. The Shares will not be registered under the SEL. The offer and sale of the Shares in Japan may be made only in accordance with an exemption available under the SEL and with all other applicable laws and regulations of Japan.

Jersey. The Memorandum relates to a private placement and does not constitute an offer to the public in Jersey to subscribe for the Shares offered hereby. No regulatory approval has been sought for the offer in Jersey. The offer of the Shares is personal to the person to whom the Memorandum is being delivered by or on behalf of the Fund, and a subscription for the Shares will be accepted only from such person. The Memorandum may not be produced or used for any other purpose, nor be furnished to any other person other than those to whom it has been so delivered.

Korea. The Memorandum is not, and under no circumstance is to be construed as, a public offering of securities in Korea. Neither the Fund nor the investment manager is making any representation with respect to the eligibility of any recipients of the Memorandum to acquire the Shares under the laws of Korea, including without limitation the Foreign Exchange Management Act and regulations thereunder. The Shares have not been registered under the Securities and Exchange Act of Korea and none of the Shares may be offered, sold or delivered, or offered or sold to any person for re-offering or resale, in Korea or to any resident of Korea except pursuant to applicable laws and regulations of Korea.

Liechtenstein. The Shares are offered to a narrowly defined category of investors, in all cases under circumstances designed to preclude a public solicitation. The Memorandum may not be reproduced or used for any other purpose, nor be furnished to any other person other than those to whom copies have been sent.

Luxembourg. The Shares are offered to a limited number of sophisticated investors, in all cases under circumstances designed to preclude a distribution that would be other than a private placement. The Memorandum may not be reproduced or used for any other purpose, nor be furnished to any other person other than those to whom copies have been sent.

Netherlands. The Shares may not be solicited, acquired or offered, directly or indirectly, in or from the Netherlands, and this Memorandum may not be circulated in the Netherlands to any individuals or legal entities as part of the initial distribution or anytime thereafter, except to individuals or legal entities who or which trade or invest in subjects of investment ("Beleggingsobjecten") in the conduct of a profession or trade, including banks, brokers, securities institutions, insurance companies, pension funds, investment institutions, other institutional investors and other parties, including treasury departments of commercial enterprises and finance companies which are regularly active in the financial markets in a professional manner (a "Professional Market Party" and/or "Professional Market Parties") investing in subjects of investment as described in Article 1 of the Exemption Regulation of October 9, 1990 issued pursuant to Article 14 of the Investment Institutions Supervision Act (Wet Toezicht Beleggingsinstellingen) of June 27, 1990, as amended from time to time (the "Investment Institutions Act"), and the respective accompanying Memoranda thereto of the Minister of Finance of the Netherlands. In the event of a solicitation, acquisition or offering made to or by Professional Market Parties and therefore exempt from the general prohibition as provided for in the Investments Institutions

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Act, no subsequent offering of the Shares in a "secondary offering" by such Professional Market Parties to persons other than such Professional Market Parties may be made.

New Zealand. The Memorandum has been prepared solely for and the offer made in it is made solely to habitual investors (being persons defined in Section 3(2)(a)(ii) of the New Zealand Securities Act 1978).

Norway. The Memorandum has not been filed with the Oslo Stock Exchange in accordance with the Norwegian Securities Trading Act, Section 5-1, and may therefore not be distributed to more than fifty potential investors in Norway.

Oman. The Memorandum and the Shares are not available to any member of the public and are restricted to investors having an existing business relationship with the Fund. Application for the Shares made by or on behalf of investors not having an existing relationship with the investment manager will not be accepted. Any investor that considers purchasing the Shares offered by the Memorandum should consult a professional adviser before doing so.

Panama. The Shares have not and will not be registered with the Comision Nacional de Valores (the National Securities Commission) of the Republic of Panama under Cabinet Decree No. 247 of 1970 ("Panama's Securities Laws") and may not be offered or sold in a primary offering within Panama, except in certain transactions exempt from the registration requirements of Panama's Securities Laws.

Russia. The Shares are not intended to be sold or offered in (or on the territory of) the Russian Federation or to Russian residents and the Memorandum has not been registered with, and will not be registered with, the Federal Securities Markets Commission of the Russian Federation.

Singapore. The Memorandum has not been registered with the Registrar of Companies in Singapore and the Shares will be offered in Singapore pursuant to an exemption invoked under Sections 106c and 106d of the Companies Act, Chapter 50 of Singapore ("Singapore Act"). Accordingly, the Shares may not be offered or sold, nor may the Memorandum or any other offering document or material relating to the Shares be circulated or distributed, directly or indirectly, to the public or any member of the public other than (1) to an institutional investor or other body or person specified in Section 106c of the Singapore Act, or (2) to a sophisticated investor specified in Section 106d of the Singapore Act, or (3) otherwise pursuant to, and in accordance with the conditions of, Section 106e(2) of the Singapore Act or any other applicable exemption invoked under Division 5a of Part IV of the Singapore Act.

South Africa. The Shares are for your acceptance only and may not be offered or become available to persons other than yourself and may not be publicly offered, sold or advertised in South Africa and the Memorandum may only be circulated to selected individuals.

Spain. This Memorandum has not been and will not be registered with la Comision Nacional del Mercado de Valores of Spain and may not be distributed in Spain in connection with the offering and sale of participations without complying with all legal and regulatory requirements in relation thereto.

Switzerland. This Memorandum has been prepared for private information purposes of interested investors only. It may not be used for and shall not be deemed a public offering of Shares. No application has been made under Swiss law to publicly market the Fund in or out of Switzerland. The Shares are not subject to the Swiss Investment Fund Act and are therefore not subject to supervision by the Federal Banking Commission and, accordingly, may not be advertised publicly. Therefore, no public offer of the Shares or public distribution of this Memorandum may be made in or out of Switzerland. This Memorandum is strictly for private use by its holders and may not be passed on to third parties.

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United Kingdom. The Fund is an unrecognized collective investment scheme for the purposes of the Financial Services and Markets Act of 2000 of the United Kingdom (the "Act"). The promotion of the Fund and the distribution of this Prospectus in the United Kingdom is accordingly restricted by law.

The content of this Prospectus has not been approved by an authorized person and such approval is, save where this Prospectus is directed at or issued to the types of person referred to above, required by Section 21 of the Act. Acquiring Shares may expose an investor to a significant risk of losing all of the amount invested. The Fund is a limited liability company and any person who acquires Shares will not thereby be exposed to any significant risk of incurring additional liability. Any person who is in any doubt about investing in the Fund should consult an authorized person specializing in advising on such investments.

Uruguay. The Shares correspond to a private issue and are not registered with the Central Bank of Uruguay.

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**APPENDIX A**  
**FINANCIAL STATEMENTS**

**Exhibit 2**  
**(Part 2)**

**APPENDIX B**  
**SUBSCRIPTION DOCUMENTS**

**FAIRFIELD SENTRY LIMITED SUBSCRIPTION DOCUMENTS**

**Instructions**

A. **All subscribers.** Provide all information requested in the Subscription Agreement and execute in the appropriate place on the signature page.

**B. Items to be delivered by All Subscribers.**

- (i) Completed and signed Subscription Agreement.
- (ii) U.S. dollar denominated funds in the amount of the full purchase price for Shares. Wire transfer funds for the full amount of the subscription to the Fund's escrow account at:

***Intermediary Bank - Field 56***

HSBC Bank, New York  
BIC: MRMDUS33  
Fed Wire: 021001088

***Account with Institution - Field 57***

Account Name: Citco Bank Nederland N.V. Dublin Branch  
Account Number: 000306487  
BIC: CITCIE2D

***Beneficiary Customer - Field 59***

Beneficiary Account Name: Fairfield Sentry Limited  
Beneficiary International Bank Account Number (IBAN):  
IE23 CITC 0000 0035 810 501  
Reference – SWIFT Field 70: Name and Full Address of Subscriber:

- (iii) Subscription documents should be delivered or sent by courier to Fairfield Sentry Limited, c/o Citco Fund Services (Europe) B.V., Telestone 8 –Teleport, Naritaweg 165, 1043 BW Amsterdam, The Netherlands; fax no.: (31-20) 572-2610.

Name of Subscriber: \_\_\_\_\_

Amount of Subscription: \$ \_\_\_\_\_

**SUBSCRIPTION AGREEMENT**  
**(NON-UNITED STATES OF AMERICA SUBSCRIBERS ONLY)**  
**FAIRFIELD SENTRY LIMITED**

Fairfield Sentry Limited  
c/o Citco Fund Services (Europe) B.V.  
Telestone 8 - Teleport  
Naritaweg 165  
1043 BW Amsterdam  
The Netherlands  
Telephone: (31-20) 572-2100  
Facsimile: (31-20) 572-2610

Dear Sirs:

1. Subscription. The undersigned ("Subscriber") hereby subscribes for voting, participating shares, each with a par value U.S. \$0.01 per share (the "Shares") of Fairfield Sentry Limited (the "Fund"), an international business company organized under the laws of the Territory of the British Virgin Islands ("BVI"). The Shares will be offered at the net asset value ("Net Asset Value") per Share as of the opening of business on the effective date of purchase. The Shares have identical rights and privileges in all respects (including the right to one vote per Share). All capitalized terms used in this Subscription Agreement (the "Agreement") that are not defined herein have the meanings set forth in the Fund's Confidential Private Placement Memorandum dated October 1, 2004 (as amended from time to time, the "Memorandum"). Subscriber subscribes for that number of Shares that can be purchased for the subscription amount above. Subscriber subscribes for the Shares pursuant to the terms herein, the Memorandum, and the Fund's Memorandum of Association and Articles of Association (collectively, the "Fund Documents"). All references herein to "dollars" or "\$" are to U.S. dollars.

2. Acceptance or Rejection. If the Fund accepts this subscription, Subscriber shall become a shareholder of the Fund and be bound by the Fund Documents. The minimum initial subscription is \$100,000. The Board of Directors, in consultation with Fairfield Greenwich (Bermuda) Ltd. (the "Investment Manager"), may reject a subscription for any reason or no reason. Subscriptions shall become irrevocable to the subscriber on the third to the last business day of the month in which such subscription is received by the Fund. If rejected, the Fund shall promptly return the subscription funds, with any interest actually earned thereon, and this Agreement shall be void.

3. Payment of Subscription Funds. Subscription funds should be wired to the Fund at the following account, concurrently with the delivery of this Agreement to the Fund. In order to comply with anti-money laundering regulations applicable to the Fund and Citco Fund Services (Europe) B.V. (the "Administrator"), the sample bank letter attached hereto as Schedule A MUST be completed by the financial institution which will be remitting the subscription moneys on behalf of the subscriber.

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***Intermediary Bank - Field 56***

HSBC Bank, New York  
BIC: MRMDUS33  
Fed Wire: 021001088

***Account with Institution - Field 57***

Account Name: Citco Bank Nederland N.V. Dublin Branch  
Account Number: 000306487  
BIC: CITCIE2D

***Beneficiary Customer - Field 59***

Beneficiary Account Name: Fairfield Sentry Limited  
Beneficiary International Account Number (IBAN):  
IE23 CITC 0000 0035 810 501

***Reference – SWIFT Field 70: Name and Full Address of Subscriber***

4. Delivery of Subscription Agreement. Subscriber should fax and mail an executed, completed copy of this Agreement to the Administrator at the above facsimile number and address, with a copy to the Manager at Fairfield Greenwich (Bermuda) Ltd., 12 Church Street, Suite 606, Hamilton, Bermuda, fax (441) 292-5413.

5. Status Representations.

a. SEC Regulation S. Subscriber is not a “U.S. Person” under Regulation S of the U.S. Securities and Exchange Commission (adopted under the U.S. Securities Act of 1933, as amended (the “1933 Act”)) because (a) if an individual, Subscriber is not a resident of the United States of America or its territories or possessions (the “U.S.”) or “resident alien” as defined under the U.S. income tax laws, and (b) if an entity, Subscriber is not any of the following: (i) a partnership or corporation organized or incorporated under U.S. law; (ii) an estate of which any executor or administrator is a U.S. Person; (iii) a trust of which a trustee is a U.S. Person; (iv) any agency or branch of a foreign entity located in the U.S.; (v) a partnership or corporation organized under non-U.S. law but formed by a U.S. Person principally for the purpose of investing in securities not registered under the 1933 Act (unless organized and incorporated, and owned, by accredited investors as defined in Rule 501 under the 1933 Act who are not natural persons, estates or trusts); (vi) a non-discretionary or similar account (other than an estate or trust) held by a dealer or other fiduciary for a U.S. Person; or (vii) a discretionary or similar account (other than an estate or trust) held by a dealer or other fiduciary organized, incorporated or (if an individual) resident in the U.S.

Subscriber acknowledges that, except with the consent of the Fund, the Shares may not be owned by a U.S. Person, that the Shares will not at any time be held for the account or benefit, directly or indirectly, of any U.S. Person, and that, except with the consent of the Fund, the Subscriber will not resell, reoffer or transfer any Shares or any interest therein to any person, including a U.S. Person or any non-U.S. Person subject to the above restrictions. Subscriber acknowledges that reoffers, resales or any transfer of the Shares is subject to the limitations imposed by the Fund's Articles of Association and may be made only in compliance with applicable securities laws and only with the prior written consent of the Board of Directors which may, in its sole discretion, decline to issue any Shares to, or register Shares in the name of, any person, and the Subscriber will not transfer any of its Shares except on the books of the Fund and acknowledges that the Shares shall be transferable only to investors who are eligible to purchase Shares in

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the Fund as described above and in the Memorandum. Subscriber understands that the Fund may compulsorily repurchase such Shares in accordance with the Fund Documents.

b. CFTC Regulation 4.7. Subscriber is not a "U.S. Person" under Regulation 4.7 of the U.S. Commodity Futures Trading Commission (adopted under the U.S. Commodity and Exchange Act of 1974, as amended) ("Rule 4.7") because (a) if an individual, Subscriber is not a resident of the U.S., and (b) if an entity, Subscriber is not (i) a partnership, corporation or other entity (other than an entity organized principally for passive investment) organized under U.S. law or with its principal place of business in the U.S.; (ii) an entity (whether organized under U.S. or non-U.S. law) that is organized principally for passive investment and that is beneficially owned 10% or more by U.S. Persons or persons who are not otherwise "qualified eligible persons", as defined in Rule 4.7; (iii) an estate or trust the income of which is subject to U.S. income taxation regardless of source; or (iv) a pension plan for the employees, officers or principals of an entity organized or with its principal place of business in the U.S.

c. Professional Investor Status. Subscriber is a "Professional Investor" within the meaning of the BVI Mutual Funds Act of 1996 of the BVI and the Irish Stock Exchange, because Subscriber's net worth (in the case of a natural person, either individually or jointly with spouse) exceeds US\$1,000,000 or, (in the case of an institution) \$5,000,000, and Subscriber consents to being treated as a Professional Investor for the purpose of investing in the Fund, and Subscriber warrants that he has such knowledge and expertise in financial matters sufficient to evaluate the risks involved in an investment in the Fund, that he is aware of the risks and can bear the loss of the entire investment in the Fund.

d. Employee Benefit Plans. Investment in the Fund by "Employee Benefit Plans", as defined under the U.S. Employee Retirement Income Security Act of 1974, as amended ("ERISA"), may be limited to less than 25% of the total capital of the Fund (excluding investments by the Investor). To help determine whether investment by Subscriber is included in the 25% limitation, Subscriber has initialed here ( \_\_\_\_\_ ) if it is an Employee Benefit Plan (such as a retirement account, corporate pension or profit sharing plan, or governmental retirement plan). If the Subscriber at any time becomes an Employee Benefit Plan, the Subscriber shall forthwith inform this to the Fund.

If the Subscriber is an insurance company investing the assets of its general account in the Fund, less than 25% of the Subscriber's general account constitutes assets of an Employee Benefit Plan (as determined under Section 401(c) of ERISA). If the Subscriber is such an entity and at any time 25% or more of its general account constitute assets of an Employee Benefit Plan, the Subscriber shall forthwith disclose to the Fund the amount of Employee Benefit Plan assets held in its general account. By signing this Subscription Agreement, the Subscriber expressly acknowledges that the Fund may require that the Subscriber redeem its Shares and withdraw from the Fund if 25% or more of the Subscriber's general account constitutes assets of an Employee Benefit Plan.

6. Related Professionals.

(Subscriptions cannot be accepted if this section is not completed)

Please indicate the name of the person at the Fairfield Greenwich Group with whom this subscription is associated.

Name: \_\_\_\_\_

Please indicate the name, if applicable, of the person and/or entity who acts as an advisor with respect to this subscription.

Name of Advisor:

\_\_\_\_\_

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Name of Advisor's firm or organization:

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Not Applicable: \_\_\_\_\_

7. Receipt of Fund Documents and Other Documents. Subscriber has received and read a copy of the Memorandum. Subscriber acknowledges that in making a decision to subscribe for Shares, Subscriber has relied solely upon the Fund Documents and independent investigations made by Subscriber and has not relied on any representation inconsistent with the information in the Fund Documents. Subscriber is not relying on the Fund, the Fund's Board of Directors, administrator, the Investment Manager, or any other person or entity with respect to the legal, tax and other economic considerations involved in this investment other than the Subscriber's own advisers. The Subscriber's investment in the Shares is consistent with the investment purposes, objectives and cash flow requirements of the Subscriber and will not adversely affect the Subscriber's overall need for diversification and liquidity.

8. Subscriber Sophistication and Financial Condition. Subscriber has such knowledge and experience in financial and business matters that it is capable of evaluating the risks of this investment. Subscriber has obtained sufficient information from the Fund or its authorized representatives to evaluate such risks and has consulted with the Subscriber's own advisers and is fully informed as to the legal and tax requirements within the Subscriber's own country (countries) regarding a purchase of the Shares. Subscriber is not relying on the Fund or the Board of Directors, or any other person or entity with respect to the legal, tax and other economic considerations involved in this investment other than the Subscriber's own advisers. Subscriber has not relied on any person as a purchaser representative in connection with that evaluation. Subscriber has evaluated the risks of investing in the Fund, understands there are substantial risks of loss incidental to the purchase of Shares and has determined that the Shares are a suitable investment for the Subscriber. Subscriber's investment is consistent with its investment purposes and objectives and cash flow requirements, and will not adversely affect Subscriber's overall need for diversification and liquidity.

Subscriber understands that (a) the Fund's operating history is not a prediction of its future success; (b) no governmental agency has passed upon the Shares or made any findings or determination as to the fairness of this investment; and (c) the representations, warranties, agreements, undertakings and acknowledgments made by the Subscriber in this Agreement will be relied upon by the Fund, the Board of Directors, the Investment Manager and the Administrator in determining the Subscriber's suitability as a purchaser of Shares and the Fund's compliance with various securities laws, and shall survive the Subscriber's becoming a shareholder of the Fund.

All information which the Subscriber has provided to the Fund or the Administrator concerning the Subscriber, the Subscriber's status, financial position and knowledge and experience of financial, tax and business matters, or, in the case of a Subscriber that is an entity, the knowledge and experience of financial, tax and business matters of the person making the investment decision on behalf of such entity, is correct and complete as of the date set forth herein.

The Subscriber irrevocably authorizes the Fund and/or the Administrator to disclose, at any time, any information held by the Fund or the Administrator in relation to the Subscriber or his investment in the Fund to the Investment Manager or any affiliate of the Investment Manager or the Administrator.

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9. Redemptions. Subscriber is aware of the limited provisions for redemptions and has read the section in the Memorandum entitled "Transfers, Redemptions and Termination." Subscriber has no need for liquidity in this investment, can afford a complete loss of the investment in the Shares and can afford to hold the Shares for an indefinite period of time. Subscriber understands that the Fund will generally redeem Shares as of the last day of each month (the "Redemption Date"); provided that the redemption request is received by the Administrator in proper form no later than 5:00 p.m. Amsterdam time on a date that is at least 15 calendar days prior to the Redemption Date.

10. Valuations. Subscriber understands that the value of its Shares and redemptions thereof, and the performance of the Fund, may be based on unaudited and in some cases, estimated, valuations of the Fund's investments and that any valuation provided in Subscriber's account statement may be an unaudited, estimated value.

11. Beneficial Owner. Subscriber acknowledges, or if the Subscriber is acting as agent, representative or nominee for a subscriber (a "Beneficial Owner"), the Subscriber has advised the Beneficial Owner that (a) the Investment Manager, on behalf of the Fund, may enter into agreements with placement agents or other sales relationships to market the Fund providing for a payment from the Investment Manager to the particular placement agent for the introduction, out of the fees the Investment Manager receives from the Fund.

12. Investment Intent. Subscriber is buying the Shares solely for investment purposes and not with a view to distribute, subdivide or resell the Shares.

13. Subsequent Subscriptions. If Subscriber subscribes for additional Shares at a later date, Subscriber shall be deemed to have re-executed this Agreement in subscribing for those Shares.

14. Registration of Shares; Certificates. The Shares issued to Subscriber will be registered on the Fund's books in the name of Subscriber and not any nominee. Shares will be issued in registered, book-entry form.

15. Binding Nature of Agreement. This Agreement shall be binding upon Subscriber and its heirs, representatives, successors and permitted assigns, and shall inure to the benefit of the Fund's successors and assigns. The Agreement shall survive the acceptance of the subscription. If Subscriber consists of more than one person, the Agreement shall be the joint and several obligation of each person.

16. Governing Law. This Agreement shall be governed and enforced in accordance with the laws of New York, without giving effect to its conflict of laws provisions.

17. Legal Representation. Subscriber understands that the Law Offices of Andrew E. Goldstein acts as U.S. counsel to the Fund, and as counsel to the Investment Manager and its affiliates. Subscriber also understands that, in connection with this offering of Shares and subsequent advice to the Fund, the Law Offices of Andrew E. Goldstein will not be representing the shareholder, and no independent counsel has been engaged by the Fund to represent the shareholders.

18. Authority. Subscriber's execution, delivery and performance of this Agreement are within its powers, have been duly authorized and will not constitute or result in a breach or default under or conflict with any order, ruling or regulation of any court or other tribunal or of any governmental commission or agency, or any agreement or other undertaking, to which Subscriber is a party or by which it is bound, and, if Subscriber is not an individual, will not violate any provision of the incorporation papers, by-laws, indenture of trust or partnership agreement, as may be applicable, of the Subscriber. The signature on this Agreement is genuine, and the signatory, if Subscriber is an individual, has legal

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competence and capacity to execute the Agreement, or, if Subscriber is not an individual, the signatory has been duly authorized to execute the Agreement, and the Agreement constitutes a legal, valid and binding obligation of Subscriber, enforceable in accordance with its terms.

19. New York Courts. Subscriber agrees that any suit, action or proceeding ("Proceeding") with respect to this Agreement and the Fund may be brought in New York. Subscriber irrevocably submits to the jurisdiction of the New York courts with respect to any Proceeding and consents that service of process as provided by New York law may be made upon Subscriber in such Proceeding, and may not claim that a Proceeding has been brought in an inconvenient forum. Subscriber consents to the service of process out of any New York court in any such Proceeding by the mailing of copies thereof, by certified or registered mail, return receipt requested, addressed to Subscriber at the address of Subscriber then appearing on the Fund's records. Nothing herein shall affect the Fund's right to commence any Proceeding or otherwise to proceed against Subscriber in any other jurisdiction or to serve process upon Subscriber in any manner permitted by any applicable law in any relevant jurisdiction.

20. Office of Foreign Assets Control. (A) Subscriber understands and agrees that the Fund prohibits the investment of funds by any persons or entities that are acting, directly or indirectly, (i) in contravention of any applicable laws and regulations, including anti-money laundering regulations or conventions, (ii) on behalf of terrorists or terrorist organizations, including those persons or entities that are included on the List of Specially Designated Nationals and Blocked Persons maintained by the U.S. Treasury Department's Office of Foreign Assets Control<sup>1</sup> ("OFAC"), as such list may be amended from time to time, (iii) for a senior foreign political figure, any member of a senior foreign political figure's immediate family or any close associate of a senior foreign political figure<sup>2</sup>, unless the Fund, after being specifically notified by Subscriber in writing that it is such a person, conducts further due diligence, and determines that such investment shall be permitted, or (iv) for a foreign shell bank<sup>3</sup> (such persons or entities in (i) – (iv) are collectively referred to as "Prohibited Persons").

(B) Subscriber represents, warrants and covenants that: (i) it is not, nor is any person or entity controlling, controlled by or under common control with Subscriber, a Prohibited Person, and (ii) to the extent Subscriber has any beneficial owners<sup>4</sup> or is acting as agent or nominee in connection with this investment, (a) it has carried out thorough due diligence to establish the identities of such

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<sup>1</sup> The OFAC list may be accessed on the web at <http://www.treas.gov/ofac>.

<sup>2</sup> Senior foreign political figure means a senior official in the executive, legislative, administrative, military or judicial branches of a foreign government (whether elected or not), a senior official of a major foreign political party, or a senior executive of a foreign government-owned corporation. In addition, a senior foreign political figure includes any corporation, business or other entity that has been formed by, or for the benefit of, a senior foreign political figure. The immediate family of a senior foreign political figure typically includes the political figure's parents, siblings, spouse, children and in-laws. A close associate of a senior foreign political figure is a person who is widely and publicly known internationally to maintain an unusually close relationship with the senior foreign political figure, and includes a person who is in a position to conduct substantial domestic and international financial transactions on behalf of the senior foreign political figure.

<sup>3</sup> Foreign shell bank means a foreign bank without a physical presence in any country, but does not include a regulated affiliate. A post office box or electronic address would not be considered a physical presence. A regulated affiliate means a foreign shell bank that: (1) is an affiliate of a depository institution, credit union, or foreign bank that maintains a physical presence in the United States or a foreign country, as applicable; and (2) is subject to supervision by a banking authority in the country regulating such affiliated depository institution, credit union, or foreign bank.

<sup>4</sup> Beneficial owners will include, but shall not be limited to: (i) shareholders of a corporation; (ii) partners of a partnership; (iii) members of a limited liability company; (iv) investors in a fund of funds; (v) the grantor of a revocable or grantor trust; (vi) the beneficiaries of an irrevocable trust; (vii) the individual who established an IRA; (viii) the participant in a self-directed pension plan; (ix) the sponsor of any other pension plan; and (x) any person being represented by the Subscriber in an agent, representative, intermediary, nominee or similar capacity. If the beneficial owner is itself an entity, the information and representations set forth herein must also be given with respect to its individual beneficial owners. If Subscriber is a publicly-traded company, it need not conduct due diligence as to its beneficial owners.

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beneficial owners, (b) based on such due diligence, Subscriber reasonably believes that no such beneficial owners are Prohibited Persons, (c) it holds the evidence of such identities and status and will maintain all such evidence for at least five years from the date of Subscriber's complete redemption from the Fund, and (d) it will make available such information and any additional information requested by the Fund that is required under applicable regulations.

(C) If any of the foregoing representations, warranties or covenants ceases to be true or if the Fund no longer reasonably believes that it has satisfactory evidence as to their truth, notwithstanding any other agreement to the contrary, the Fund may, in accordance with applicable regulations, freeze Subscriber's investment, either by prohibiting additional investments, declining or suspending any redemption requests and/or segregating the assets constituting the investment, or Subscriber's investment may immediately be redeemed by the Fund, and the Fund may also be required to report such action and to disclose Subscriber's identity to OFAC or other authority. In the event that the Fund is required to take any of the foregoing actions, Subscriber understands and agrees that it shall have no claim against the Fund, the Investment Manager, the Administrator, and their respective affiliates, directors, members, partners, shareholders, officers, employees and agents for any form of damages as a result of any of the aforementioned actions.

(D) Subscriber understands and agrees that any redemption proceeds paid to it will be paid to the same account from which Subscriber's investment in the Fund was originally remitted, unless the Fund, in its sole discretion, agrees otherwise.

(E) If any of the foregoing representations cease to be true, Subscriber will promptly notify the Fund of the facts pertaining to such changed circumstances.

21. Anti-Money Laundering. Subscriber represents that the subscription funds are not the direct or indirect proceeds of drug trafficking or other such criminal conduct or activity. Subscriber understands that, as part of the responsibility of the Fund and Administrator for protection against money laundering, the Administrator may require a detailed verification of Subscriber's identity. Depending on the circumstances of each application, a detailed verification might not be required where Subscriber makes the payment from an account held in Subscriber's name at a recognized financial institution; or the application is made through a recognized intermediary. These exceptions will only apply if the financial institution or intermediary referred to above is within a country recognized as having sufficient anti-money laundering regulations. For example, an individual may be required to produce a copy of a passport or identification card duly certified by a notary public, together with evidence of his/her address such as a utility bill or bank statement and date of birth. In the case of entity subscribers, this may require production of a certified copy of the certificate of incorporation (and any change of name), memorandum and articles of association (or the equivalent), and the names, occupations, dates of birth and residential and business addresses of all directors. The Administrator and the Fund reserve the right to request such information as is necessary to verify the identity of Subscriber. In the event of delay or failure by Subscriber to produce any information required for verification purposes, the Administrator may refuse to accept the subscription and the subscription monies relating thereto or may refuse to process a redemption request until proper information has been provided. Subscriber further agrees that the Fund and any other service provider shall be held harmless and indemnified against any loss arising as a result of a failure to process the subscription or redemption or Subscriber's rejection if such information as has been required by the parties referred to has not been provided by Subscriber.

22. Confidentiality. The Fund may disclose the information about Subscriber that is contained herein as the Fund deems necessary to comply with applicable law or as required in any suit, action, or proceeding.

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23. Indemnification. Subscriber agrees to indemnify and hold harmless the Fund and any of its service providers, and any partner, manager, officer, director, shareholder, agent, employee or affiliate thereof, against any loss, liability or expense relating to (a) any misrepresentation or breach of covenant by Subscriber herein or in any other document furnished by Subscriber in connection with its subscription or (b) any action for securities law violations instituted by Subscriber which is finally resolved by judgment against Subscriber.

Subscriber acknowledges that each director and officer of the Fund is entitled to be indemnified out of the assets of the Fund against all costs, losses or expenses arising from mistakes of judgement or any action or inaction that the person reasonably believed to be within the scope of the authority granted to him, provided that such actions or inactions did not constitute gross negligence, willful misconduct or breach of fiduciary duty.

24. Enforceability. If any provision hereof is invalid or unenforceable under any applicable law, it shall be deemed inoperable to that extent (and modified to the extent necessary to comply with that law) and its invalidity or unenforceability shall not affect any other provision hereof.

25. Currencies. If Subscriber subscribes in a currency other than U.S. Dollars, Subscriber agrees that the Fund may sell such subscription funds at the market rate for that currency and that the Shares will be issued to the value of the proceeds, minus the reasonable costs relating to the sale.

26. Appointment of Revocable Proxy. Subscriber hereby designates and appoints the Administrator, with full power of substitution, as its true and lawful proxy and attorney-in-fact for the purpose of voting the Shares subscribed for herein or otherwise acquired as said proxy may determine on any and all matters which may arise at any meeting of shareholders and upon which such Shares could be voted by shareholders present in person at that meeting. This proxy may be revoked by the owner of record of the Shares hereby subscribed for, either personally or by presentation of a subsequently executed proxy at any meeting of Shareholders, or by written notice to the Administrator at the above address (or such other address as the Fund or the Administrator shall furnish in writing to a shareholder) received before the meeting.

27. If Subscriber is acting as a Representative. If Subscriber is subscribing as trustee, agent, representative, or nominee for another person (the "Beneficial Shareholder"), Subscriber agrees that the representations and agreements herein are made by Subscriber with respect to itself and the Beneficial Shareholder. Subscriber has all requisite authority from the Beneficial Shareholder to execute and perform the obligations hereunder. Subscriber also agrees to indemnify the Fund, the Investment Manager and the Administrator and their respective directors, members, partners, officers and agents for any and all costs, fees and expenses (including legal fees and disbursements, fines and amounts paid in settlement) in connection with any damages resulting from Subscriber's misrepresentation or misstatement contained herein, or the assertion of Subscriber's lack of proper authorization from the Beneficial Shareholder to enter into this Agreement or perform the obligations hereof.

If the Subscriber enters into a swap, structured note or other derivative instrument, the return from which is based in whole or in part on the return of the Fund (the "Swap") with a third party (a "Third Party"), the Subscriber represents and warrants that with respect to a Third Party entering into a Swap: (a) the Third Party is authorized under its constitutional documents (e.g., certificate of incorporation, by-laws, partnership agreement or trust agreement) and applicable law to enter into the Swap and would also be so authorized to invest directly into the Fund; (b) the Third Party has received and reviewed a copy of the Memorandum and the Agreement; (c) the Third Party acknowledges that the Fund and its affiliates are not responsible for the legality, suitability or tax consequences of the Swap and that the Subscriber is not an

{PAGE }

agent of the Fund; and (d) the Third Party is an "eligible swap participant" and a "qualified eligible person" under Commodity Futures Trading Commission rules, and an "accredited investor" under Regulation D promulgated under the 1933 Act and a "qualified purchaser" under the Investment Company Act of 1940. Subscriber also agrees to indemnify the Fund, the Investment Manager and their respective officers and agents for any and all costs, fees and expenses (including legal fees and disbursements, fines, and amounts paid in settlement) in connection with any damages resulting from the Subscriber's misrepresentation or misstatement contained herein. Nothing herein constitutes an agreement or statement by the Fund as to the legality of a Swap or the suitability of a Swap for the Third Party.

28. Country-Specific Disclosures. Subscriber has reviewed the country-specific disclosures in the Memorandum.

29. Additional Information. The Fund may request from the Subscriber such additional information as it may deem necessary to evaluate the eligibility of the Subscriber to acquire Shares, and may request from time to time such information as it may deem necessary to determine the eligibility of the Subscriber to hold Shares or to enable the Fund to determine its compliance with applicable regulatory requirements or its tax status, and the Subscriber agrees to provide such information as may reasonably be requested.

Subscriber agrees to notify the Fund promptly if there is any change with respect to any of the information or representations made herein and to provide the Fund with such further information as the Fund may reasonably require.

This Agreement may be executed through the use of separate signature pages or in any number of counterparts. Each counterpart shall, for all purposes, constitute one agreement binding on all the parties, notwithstanding that all parties do not execute the same counterpart.

30. Subscriber Information and Execution.

a. Amount of Subscription. U.S. \$ \_\_\_\_\_.

b. Registration of Shares. The Shares issued to Subscriber are to be registered in the Fund's books in the name of (insert name and address):

\_\_\_\_\_  
\_\_\_\_\_

c. Written Communications. All written communications from the Fund to Subscriber should be sent to Subscriber at the following address (insert address):

\_\_\_\_\_  
\_\_\_\_\_

d. Telephone, Fax and Email. Telephone: \_\_\_\_\_

Fax: \_\_\_\_\_ Email: \_\_\_\_\_

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e. Domicile, Etc. Subscriber, if an individual, is a citizen of \_\_\_\_\_  
 \_\_\_\_\_ and a resident of \_\_\_\_\_. Subscriber, if an entity, is  
 organized under the laws of \_\_\_\_\_ and has its principal place of business in  
 \_\_\_\_\_.

f. Authorized Persons. The names of the persons authorized by Subscriber to give  
 and receive instructions between the Fund and Subscriber, together with their signatures, are set forth  
 below. Such persons are the only persons so authorized by Subscriber until further notice to the Fund by  
 any one of such persons:

Print Name	Signature
1.	
2.	
3.	
4.	
5.	
6.	
7.	
8.	
9.	
10.	

The Administrator and the Fund are each hereby authorized and instructed to accept and execute  
 any instructions in respect of the Shares to which this Agreement relates given by Subscriber in written  
 form or by facsimile. If instructions are given by Subscriber by facsimile, Subscriber undertakes to send  
 the original letter of instructions to the Administrator and the Fund, and Subscriber agrees to keep each of  
 them indemnified against any loss of any nature whatsoever arising as to any of them as a result of any of  
 them acting upon facsimile instructions. The Administrator and the Fund may rely conclusively upon and  
 shall incur no liability in respect of any action taken upon any notice, consent, request, instructions or  
 other instrument believed in good faith to be genuine or to be signed by properly authorized persons.

g. Redemption Payments. Until further notice from Subscriber to the Fund, signed  
 by any authorized person listed above, redemption or other payments by the Fund to Subscriber should be  
 wired only to Subscriber and only as follows (please print or type):

Bank name: \_\_\_\_\_

Bank address: \_\_\_\_\_

ABA/ CHIPS/ BIC Codes: \_\_\_\_\_

Account name: \_\_\_\_\_

Account number: \_\_\_\_\_

For further credit: \_\_\_\_\_

h. Financial Institution Wiring/Paying Subscription Monies.

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Name of account at financial institution being debited for subscription payment: \_\_\_\_\_

Number of such account: \_\_\_\_\_

i. Execution. In witness whereof, Subscriber has executed this Agreement on the date set forth below:

Date: \_\_\_\_\_, 200\_

For individuals

Print name: \_\_\_\_\_

Signature: \_\_\_\_\_

For entities

Print name: \_\_\_\_\_

Print name of authorized signatory: \_\_\_\_\_

Print title of authorized signatory: \_\_\_\_\_

Signature: \_\_\_\_\_

**SCHEDULE A**

PLEASE GIVE THIS LETTER TO YOUR FINANCIAL INSTITUTION AND HAVE THEM RETURN IT TO THE ADMINISTRATOR AT THE SAME TIME THAT THE SUBSCRIPTION MONIES ARE WIRED.

**SAMPLE LETTER**

[to be placed on letterhead of the financial institution remitting payment]

Date

**Via mail and facsimile:** (31-20) 572-2610  
Fairfield Sentry Limited  
Citico Fund Services (Europe) B.V.  
Telestone 8 - Teleport  
Naritaweg 165  
1043 BW Amsterdam  
The Netherlands

Dear Sirs

**RE: FAIRFIELD SENTRY LIMITED (the "Fund")**

1. Name of Remitting Financial Institution:
2. Address of Remitting Financial Institution:
3. Name of Customer:
4. Address of Customer:
5. We have credited your account at [Bank], Account Number [number] for [amount] by order of [subscriber] on [date].

The above information is given in strictest confidence for your own use only and without any guarantee, responsibility or liability on the part of this institution or its officials.

Yours faithfully,

Signed: \_\_\_\_\_

Full Name: \_\_\_\_\_

Position: \_\_\_\_\_

**For additional information, please contact the Administrator at Citico Fund Services (Europe) B.V., Telestone 8 – Teleport, Naritaweg 165, 1043 BW Amsterdam, The Netherlands, Telephone: (31-20) 572-2100, Facsimile: (31-20) 572-2610.**

**REDEMPTION REQUEST FORM  
INSTRUCTIONS**

This form should be saved and may be used by a shareholder wishing to redeem shares in the Fund. Redeeming shareholders should complete and return this form, including the information on page RR-3.

FAIRFIELD SENTRY LIMITED  
c/o Citco Fund Services (Europe) B.V.  
Telestone 8 – Teleport  
Naritaweg 165  
1043 BW Amsterdam  
The Netherlands  
Telephone: (31-20) 572-2100  
Fax: (31-20) 572-2610

**Dated (month, day, year):** \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_

Dear Sirs:

I hereby request redemption, as defined in and subject to all of the terms and conditions of the Confidential Private Placement Memorandum, as it may be amended from time to time (the "Memorandum"), of Fairfield Sentry Limited (the "Fund"), of \_\_\_\_ shares, (the "Shares") representing [part/all] of my Shares in the Fund. I understand that redemption will only be effective as of the close of business on the last day of any calendar month, upon at least fifteen (15) calendar days' prior written notice. Except as otherwise provided in the Memorandum, payment of the redemption proceeds will be made within thirty (30) days after the effective date of redemption.

I hereby represent and warrant that (i) I am the true, lawful and beneficial owner of the Shares of the Fund to which this Request relates, with full power and authority to request redemption of such Shares; and (ii) I am not a "U.S. Person" (as that term is defined in the Memorandum). These Shares are not subject to any pledge or otherwise encumbered in any fashion. My signature has been guaranteed by a commercial bank acceptable to the Fund.

**Wire Transfer Instructions (to be completed by redeeming shareholder):**

\_\_\_\_\_  
Bank Name

\_\_\_\_\_  
Bank Address

\_\_\_\_\_  
ABA /CHIPS/ BIC Codes

\_\_\_\_\_  
Account Name

\_\_\_\_\_  
Account Number

RR-~~page~~ }

**SIGNATURES MUST BE IDENTICAL TO NAME(S) IN WHICH SHARES ARE REGISTERED**

**ENTITY SHAREHOLDER (OR  
ASSIGNEE)**

**INDIVIDUAL SHAREHOLDER(S)  
PARTNERSHIP, CORPORATION (OR  
ASSIGNEE) OR TRUST**

\_\_\_\_\_  
Name of Registered Owner of Shares

\_\_\_\_\_  
Name of Subscriber

\_\_\_\_\_  
Address

\_\_\_\_\_  
Address

\_\_\_\_\_  
Signature (of individual or assignee)

\_\_\_\_\_  
Signature (of partner, authorized corporate  
officer or trustee)

\_\_\_\_\_  
Name and Title

\_\_\_\_\_  
Please Print Name and Title

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature (of individual or assignee)

\_\_\_\_\_  
Signature (of partner, authorized corporate  
officer or trustee)

\_\_\_\_\_  
Name and Title

\_\_\_\_\_  
Please Print Name and Title

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signatures guaranteed by:

RR-{page }

**REDEMPTION INFORMATION**

**SHARE REGISTRATION**

\_\_\_\_\_  
Name

\_\_\_\_\_  
Address

\_\_\_\_\_  
Country of Residence

\_\_\_\_\_  
Telephone

\_\_\_\_\_  
Telephone (Evenings)

\_\_\_\_\_  
Fax

**MAILING (POST) INFORMATION**

(if other than address of registration)

\_\_\_\_\_  
Name

\_\_\_\_\_  
Address

\_\_\_\_\_  
Country of Residence

\_\_\_\_\_  
Telephone

\_\_\_\_\_  
Telephone (Evenings)

\_\_\_\_\_  
Fax

**BANK FOR TRANSFER OF REDEMPTION**

\_\_\_\_\_  
Name

\_\_\_\_\_  
Address

\_\_\_\_\_  
Country of Residence

\_\_\_\_\_  
Telephone

\_\_\_\_\_  
Telephone (Evenings)

\_\_\_\_\_  
Fax

RR-{page }

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[To be completed by the Fund]

THIS SUBSCRIPTION APPLICATION IS HEREBY ACCEPTED BY FAIRFIELD SENTRY  
LIMITED

Date: \_\_\_\_\_, 200\_

Name of authorized signatory: \_\_\_\_\_

Title of authorized signatory: \_\_\_\_\_

Signature: \_\_\_\_\_

Subscriber's name: \_\_\_\_\_

=====

# Short Form Subscription Agreement

## For Existing Shareholders

**FAIRFIELD SENTRY LIMITED**  
c/o Citco Fund Services (Europe) B.V  
Telestone 8 - Teleport  
Naritaweg 165  
1043 BW Amsterdam  
The Netherlands  
Telephone: (31-20) 572-2100  
Facsimile: (31-20) 572-2610

**SHORT FORM SUBSCRIPTION AGREEMENT**

**THIS APPLICATION IS TO BE USED ONLY BY EXISTING REGISTERED SHAREHOLDERS OF FAIRFIELD SENTRY LIMITED PURCHASING ADDITIONAL SHARES IN THE SAME REGISTERED NAME. IT MAY NOT BE USED BY NEW SUBSCRIBERS.**

The undersigned Subscriber (1) is an existing shareholder in Fairfield Sentry Limited ("Fund"), (2) has previously delivered a fully executed Subscription Agreement to the Fund, and (3) desires to subscribe for additional shares in the Fund. By executing in the space below, the undersigned shareholder hereby (1) requests that the Fund accept this short form subscription in lieu of completing an entirely new Subscription Agreement for the additional Shares, (2) reaffirms each and every representation and covenant made by the undersigned in the original Subscription Agreement as of the date hereof, subject only to the changed information set forth below, and (3) represents that if the Subscriber is an entity, the person executing this Agreement has the full power and authority under the Subscriber's governing instruments and has been authorized to do so and the Subscriber has the full power and authority under its governing instruments to acquire Shares of the Fund.

**Please contact the Administrator prior to sending documents or funds to ascertain whether the Fund is accepting additional capital. New Subscription Information:**

Subscriber: \_\_\_\_\_  
Contribution Date: \_\_\_\_\_, 200\_  
Additional Contribution Amount: U.S. \$ \_\_\_\_\_

Changes to Subscription Agreement: [ ] None  
[ ] Yes, as follows:  
\_\_\_\_\_

IN WITNESS WHEREOF, the undersigned has executed this Subscription Agreement on this \_\_\_ day of \_\_\_\_\_, 200\_.

**Corporate, Partnership, Trust or Account Subscribers**

**Individual Subscribers**

\_\_\_\_\_  
Name of Entity (Print)

\_\_\_\_\_  
Name (Print)

By: \_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name (Print)

\_\_\_\_\_  
Name of Joint Purchaser, If Any (Print)

\_\_\_\_\_  
Title

\_\_\_\_\_  
Signature

Telephone: \_\_\_\_\_

Telephone: \_\_\_\_\_

Fax: \_\_\_\_\_

Fax: \_\_\_\_\_

SUBSCRIPTION ACCEPTED AS OF \_\_\_\_\_, 200\_.

**FAIRFIELD SENTRY LIMITED**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

## **Exhibit 3**

*Private Placement Memorandum*

**FAIRFIELD SENTRY LIMITED**

*A British Virgin Islands International Business Company*

*Securities Offered: Redeemable, Voting Shares*

*Minimum Investment per Subscriber: U.S. \$100,000*

*Purchase Price per Share: Net Asset Value per Share*

**Investment Manager**

*Fairfield Greenwich (Bermuda) Ltd.*

**Administrator**

*Citco Fund Services (Europe) B.V.*

**Placement Agent**

*Fairfield Greenwich Limited*

*SHARES OF THE FUND MAY BE OFFERED TO PERSONS WHO ARE NEITHER CITIZENS NOR RESIDENTS OF THE UNITED STATES AND TO A LIMITED NUMBER OF UNITED STATES INVESTORS CONSISTING OF PENSION AND PROFIT SHARING TRUSTS, CHARITIES AND OTHER TAX-EXEMPT ENTITIES.*

*THE SHARES OFFERED HEREBY ARE SPECULATIVE AND INVOLVE A HIGH DEGREE OF RISK. THEY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES LAWS OF ANY JURISDICTION AND ARE BEING OFFERED AND SOLD IN RELIANCE ON EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS OF SUCH LAWS. THE SHARES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE FUND'S ARTICLES OF ASSOCIATION. THE SHARES HAVE NOT BEEN APPROVED OR DISAPPROVED BY ANY REGULATORY AUTHORITY, NOR HAS ANY SUCH AUTHORITY PASSED UPON OR ENDORSED THE MERITS OF THIS OFFERING OR THE ACCURACY OR ADEQUACY OF THIS MEMORANDUM.*

*The date of this Private Placement Memorandum is as of August 14, 2006.*

**Fairfield Greenwich (Bermuda) Ltd.**

**COMMODITY POOL OPERATOR NO-ACTION RELIEF**

THE INVESTMENT MANAGER HAS FILED A CLAIM OF EXEMPTION FROM REGISTRATION AS A COMMODITY POOL OPERATOR (“CPO”) WITH THE UNITED STATES COMMODITY FUTURES TRADING COMMISSION (“CFTC”) IN CONNECTION WITH PRIVATE INVESTMENT FUNDS WHOSE PARTICIPANTS ARE ACCREDITED INVESTORS, AS DEFINED IN REGULATION D UNDER THE SECURITIES ACT OF 1933, CERTAIN FAMILY TRUSTS AND CERTAIN PERSONS AFFILIATED WITH THE INVESTMENT MANAGER. AT ALL TIMES, THE FUND WILL UTILIZE FUTURES SUCH THAT EITHER (1) NO MORE THAN 5% OF ITS ASSETS ARE USED TO ESTABLISH COMMODITY INTEREST POSITIONS OR (2) THE NOTIONAL VALUE OF ITS COMMODITY INTEREST POSITIONS DOES NOT EXCEED 100% OF THE FUND’S LIQUIDATION VALUE.

UNLIKE A REGISTERED CPO, THE INVESTMENT MANAGER IS NOT REQUIRED TO DELIVER A DISCLOSURE DOCUMENT AND A CERTIFIED ANNUAL REPORT TO PARTICIPANTS IN THE FUND. THE CFTC HAS NOT REVIEWED OR APPROVED THIS OFFERING OR ANY DISCLOSURE DOCUMENT FOR THE FUND.

### CERTAIN GENERAL INFORMATION

The Shares offered hereby (the "Shares") will be issued only on the basis of the information in this Private Placement Memorandum and any attachments hereto (the "Memorandum"). No other information about Fairfield Sentry Limited (the "Fund") has been authorized. Any investment in the Fund on the basis of information that is not contained, or which is inconsistent with, the information herein shall be solely at your risk. The delivery of this Memorandum does not imply that any information herein is correct at any time after the date hereof.

You should inform yourself of the legal requirements and tax consequences within the countries of your residence or domicile for the purchase, holding or sale of the Shares, and any foreign exchange restrictions. Shares that are bought by persons not entitled to hold them in accordance with the provisions herein may be compulsorily redeemed. No Shares may be transferred without the prior written consent of the Directors.

The distribution of this Memorandum may be restricted by law in certain countries. You must inform yourself of and observe any such restrictions. You should review the Country-Specific Notices contained herein for any applicable notices for your countries of residence or domicile. This Memorandum does not constitute an offer or solicitation to any person in any jurisdiction in which the offer or solicitation is not authorized, or to any person to whom it is unlawful to make the offer or solicitation.

No person is authorized to give any information with respect to the Fund unless authorized by the Directors. This Memorandum supersedes any written or verbal information relating to the Fund.

You should not construe this Memorandum as legal or investment advice. You should consult your own attorneys, accountants and other advisers regarding this investment.

This Memorandum describes certain documents relating to this investment, including various executed and unexecuted documents and certain statutes, rulings and regulations. Such summaries do not purport to be complete and are qualified in their entirety by reference to the full text of those documents, statutes, rulings and regulations.

You and your investment representatives are invited to ask questions of and to obtain additional information from the Administrator (Citco Fund Services (Europe) B.V.) or Investment Manager (Fairfield Greenwich (Bermuda) Ltd.) concerning the Fund, including additional information to verify the completeness or accuracy of the information in this Memorandum.

All references herein to \$ are to United States dollars.

The Fund is incorporated as an International Business Company under the International Business Companies Act of the British Virgin Islands. The Fund constitutes a "professional fund" as defined in the Mutual Funds Act, 1996 (as amended) of the British Virgin Islands (the "BVI Act") and as such is required to be and is recognized as a "professional fund" under the provisions of the BVI Act. Such recognition does not entail supervision of the investment performance or portfolio of the Fund by the Financial Services Commission of the British Virgin Islands (the "BVI"), which accepts no responsibility for the financial soundness of the Fund or the correctness of any statements or opinions expressed herein. There is no financial obligation or compensation scheme imposed on or by the Financial Services Commission of the BVI in favor of or available to the investors in the Fund.

As an entity regulated under the BVI Act, the Fund will be subject to the supervision of the Financial Services Commission in the BVI, which is authorized by the BVI Act to direct the Fund to furnish information or provide access to any records, books or other documents which it deems necessary to ascertain compliance with the BVI Act or any regulations made under the BVI Act.

The BVI Act provides that the Fund's certificate of recognition may be cancelled if, among other things, the Fund has breached the BVI Act or any regulations or codes of conduct, or conditions of its certificate, has been convicted of an offense, is carrying on business in a manner detrimental to its investors or to the public interest, or is declared bankrupt or is being wound up or dissolved.

Because the Fund is a professional fund under the BVI Act, whose shares are listed on the Irish Stock Exchange, the Shares may be held only by persons who are "professional investors" within the meaning of the BVI Act and the Irish Stock Exchange, and on the basis that the initial investment in the Fund by each of its shareholders is not less than \$100,000. A professional investor is any person whose ordinary business involves, whether for his own account or for the account of others, the acquisition or disposal of property of the same kind as the property, or a substantial part of the property, of the Fund (in this case, investment instruments), or who has signed a declaration that he, whether individually or jointly with his spouse, has a net worth in excess of \$1,000,000, or, if an institution, \$5,000,000 or its equivalent in any other currency, and that he consents to being treated as a professional investor. In addition, in order to comply with rules of the Irish Stock Exchange, an investor will have to represent that he has knowledge and expertise in financial matters sufficient to evaluate the risks involved in an investment in the Fund, that he is aware of such risks and can bear the loss of the entire investment.

This Memorandum may not be reproduced or used for any other purpose other than making an investment in the Fund. Any distribution of this Memorandum in whole or in part, or the divulgence of any of its contents, is unauthorized. By accepting delivery of this Memorandum, you agree to return it to the Fund if you do not invest.

**TABLE OF CONTENTS**

	<b>Page</b>
CERTAIN GENERAL INFORMATION.....	iii
FUND DIRECTORY.....	vi
MANAGEMENT OF THE FUND AND OTHER RELATIONSHIPS.....	6
INVESTMENT POLICIES.....	9
OFFERING OF THE SHARES.....	11
FEES, COMPENSATION AND EXPENSES.....	14
BANK, CUSTODIAN AND BROKERAGE.....	16
ADMINISTRATOR, REGISTRAR AND TRANSFER AGENT.....	17
RISK FACTORS.....	17
POTENTIAL CONFLICTS OF INTEREST.....	22
DESCRIPTION OF SHARES.....	23
DIVIDEND POLICY.....	23
TRANSFERS, REDEMPTIONS AND TERMINATION.....	23
ANTI-MONEY LAUNDERING REGULATIONS.....	25
ANTI-MONEY LAUNDERING POLICIES.....	25
TAX CONSIDERATIONS AND EXCHANGE CONTROL AND ERISA.....	27
LEGAL MATTERS.....	32
MISCELLANEOUS.....	32
COUNTRY-SPECIFIC NOTICES.....	36
APPENDIX A INVESTMENT MANAGERS FORM ADV PART II	
APPENDIX B SUBSCRIPTION DOCUMENTS	

**FUND DIRECTORY**

THE FUND	Fairfield Sentry Limited c/o Codan Trust Company (B.V.I.) Ltd. P.O. Box 3140 Romasco Place, Wickhams Cay Road Town, Tortola British Virgin Islands
INVESTMENT MANAGER	Fairfield Greenwich (Bermuda) Ltd. 12 Church Street Suite 606 Hamilton, Bermuda Telephone: 441-292-5401 Facsimile: 441-292-5413
PLACEMENT AGENT	Fairfield Greenwich Limited c/o Offices of Charles Adams, Ritchie & Duckworth Second Floor, Zephyr House, Mary Street P.O. Box 709 George Town, Grand Cayman Cayman Islands
ADMINISTRATOR; REGISTRAR AND TRANSFER AGENT	Citco Fund Services (Europe) B.V. Telestone 8 -Teleport Naritaweg 165 1043 BW Amsterdam The Netherlands Telephone: (31-20) 572-2850 Facsimile: (31-20) 572-2610
U.S. COUNSEL	Law Offices of Andrew E. Goldstein 488 Madison Avenue, 16 <sup>th</sup> Floor New York, New York 10022 USA
BRITISH VIRGIN ISLANDS COUNSEL	Conyers Dill & Pearman Romasco Place, Wickhams Cay 1 P.O. Box 3140 Road Town, Tortola British Virgin Islands
AUDITORS	PricewaterhouseCoopers Marten Meesweg 25 3068 AV Rotterdam Amsterdam The Netherlands

CUSTODIAN BANK

Citco Bank Nederland, N.V. Dublin Branch  
Custom House Plaza, Block 6  
International Financial Services Centre  
P.O. Box 6639  
Dublin 1  
Ireland

DEPOSITORY

Citco Global Custody N.V.  
Telestone 8 – Teleport  
Naritaweg 165  
1043 BV Amsterdam  
The Netherlands  
Telephone: (31-20) 572-2200  
Telecopier: (31-20) 572-2625

## SUMMARY

*The following Summary is intended to highlight certain basic information which is set forth more fully elsewhere in this Private Placement Memorandum and in the Memorandum of Association and Articles of Association of the Fund. This should be read in conjunction with such detailed information.*

### THE OFFERING

<b>Issuer</b>	Fairfield Sentry Limited (the "Fund") is organized as an international business company under the laws of the Territory of the British Virgin Islands ("BVI"). The registered office of the Fund is located in the BVI.
<b>Securities Offered</b>	The Fund's redeemable, voting shares (the "Shares") were offered on November 30, 1990 at an initial offering price of U.S. \$200 per Share and thereafter have been offered at a price equal to the Net Asset Value (as hereinafter defined) as of the opening of business on the date of issuance.
<b>Offerees</b>	Shares may be offered only to experienced and sophisticated investors who are neither citizens nor residents of the United States ("Non-U.S. Persons") and to a limited number of United States investors that are tax-exempt entities ("U.S. Tax Exempt Investors"). See "OFFERING OF THE SHARES".
<b>Minimum Subscription</b>	The minimum initial subscription per investor is U.S. \$100,000. Following his initial investment, a shareholder may make additional investments in amounts of not less than U.S. \$50,000.
<b>Maximum Capitalization</b>	The Fund will not accept a subscription tendered at a time when the number of its outstanding Shares is 10,000,000.
<b>Subscription Procedures</b>	It is preferable that subscriptions be made by wire transfer. However, subscriptions may be made by mail if necessary. Subscriptions received during any monthly period prior to the third to the last business day of the month will ordinarily be accepted, subject to the sole discretion of the Investment Manager (as defined below), as of the first business day of the following monthly period, i.e., subscriptions received between December 28 and January 28, assuming the 29 <sup>th</sup> -31 <sup>st</sup> are business days, will be accepted as of February 1. Subscriptions will become irrevocable to the subscriber on the third to the last business day of the month in which such subscription is received by the Fund.

**Solicitation of Subscriptions**

The Fund may use the assistance of affiliated or unaffiliated placement agents and money managers, including FGL (as defined below), to place the Shares. Such placement agents and intermediaries may charge their clients a placement fee of up to 5% of the total amount of the subscription for Shares sold with their assistance, and/or share in the fees earned from the Fund, which they may rebate to their clients. Placement fees charged directly by FGL will not exceed 3%. In certain instances, the Fund may deduct the amount of the placement fee from the subscription amount to pay to the placement agent and such amounts will not constitute part of the assets of the Fund.

**Business Objective**

The Fund seeks to obtain capital appreciation of its assets principally through the utilization of a nontraditional options trading strategy described as "split strike conversion", to which the Fund allocates the predominant portion of its assets. See "INVESTMENT POLICIES".

**Investment Manager**

Fairfield Greenwich (Bermuda) Ltd. ("FGBL" or the "Investment Manager"), a corporation organized under the laws of Bermuda, serves as the Fund's investment manager. It is the wholly-owned subsidiary of Fairfield Greenwich Limited which previously served as the investment manager of the Fund and currently serves as the Fund's Placement Agent. Jeffrey H. Tucker, Walter M. Noel, Jr. and Andres Piedrahita are the main principals of FGL. Mr. Noel is also a Director of the Fund (see "MANAGEMENT OF THE FUND AND OTHER RELATIONSHIPS"). Effective April 20, 2006, FGBL registered as an investment adviser with the United States Securities and Exchange Commission pursuant to the Investment Advisers Act of 1940, as amended. The Investment Manager has claimed an exemption under Commodity Futures Trading Commission ("CFTC") Rule 4.13(a)(3) from registration with the CFTC as a commodity pool operator and, accordingly, is not subject to certain regulatory requirements with respect to the Fund that would otherwise be applicable absent such an exemption.

**Placement Agent**

Fairfield Greenwich Limited, an exempted company incorporated under the laws of the Cayman Islands ("FGL" or the "Placement Agent"), is the Fund's Placement Agent. FGL oversees the marketing of the Shares and is an affiliate of the Investment Manager. FGBL and FGL are member companies of the Fairfield Greenwich Group ("FGG"), which was established in 1983 and had, as of May 1, 2006, more than \$9.0 billion employed in alternative asset management funds. Throughout its history, FGG has internally managed its own alternative asset funds and selectively identified external managers for affiliations where it serves as a managerial and distribution partner.

**Directors**

Walter M. Noel, Jr., Jan R. Naess and Peter P. Schmid are the Directors of the Fund. Mr. Noel is also a Director of FGL, an affiliate of the Investment Manager.

**Citco** Citco Fund Services (Europe) B.V., an affiliate of The Citco Group Ltd., acts as administrator, registrar and transfer agent for the Fund. The Fund's escrow account is maintained at Citco Bank Nederland, N.V. Dublin Branch. Pursuant to a custodial services agreement, Citco Bank Nederland N.V., Dublin Branch and Citco Global Custody N.V. have agreed to provide custodial services to the Fund.

**Dividend Policy** It is anticipated that the Fund will not declare any dividends; rather, income will be reinvested and will be reflected in the Net Asset Value of the Shares.

#### SALE AND REDEMPTION OF SHARES

**Redemption at the Option of a Shareholder** A shareholder of the Fund, on fifteen (15) calendar days' notice, may cause his Shares to be redeemed as of the last business day (being any day not a Saturday or a Sunday, that is not a public holiday or a day on which banks are generally authorized or obliged by law or regulation to close in the Netherlands, the Republic of Ireland, Canada or the United States of America) of any month. There is no minimum period of time that Shares must be held in order for a shareholder to redeem his Shares.

**Compulsory Redemption** The Fund reserves the right to call all or a part of a shareholder's Shares for redemption at any time. This right will only be exercised as to Shares where the continued holding of which would result in regulatory, pecuniary, legal, taxation, or material administrative disadvantage for the Fund or the shareholders as a whole.

**Sales** Subscriptions received during any monthly period prior to the third to the last business day of the month will ordinarily be accepted, subject to the sole discretion of the Investment Manager, as of the first business day of the following monthly period, i.e., subscriptions received between December 28 and January 28 will be accepted as of February 1. Subscriptions will become irrevocable to the subscriber on the third to the last business day of the month in which such subscription is received by the Fund.

**Exchange Listing** The Fund was admitted to the Official List of the Irish Stock Exchange in Dublin, Ireland on January 12, 1995 and has been issued SEDOL number 0330934. It is unlikely that a public trading market will develop for the Fund's shares and none has developed to date. Shareholder redemption rights are not affected by this listing.

## COMPENSATION AND EXPENSES

### Expenses

The Fund will bear, for each year, all continuing offering costs; all ordinary legal and auditing fees; all registrar, transfer agent and administration fees; all insurance expenses; all expenses in maintaining the Fund's office and all other expenses incurred in the operation of the Fund, if any, including any legal and auditing fees that relate to extraordinary circumstances, such as tax examinations or litigation involving the Fund, as well as all fees and all ordinary and necessary expenses related to the Fund's investment and trading activities.

FGL will pay the Investment Manager a fixed fee for providing certain managerial services to the Fund, as more fully described in the Investment Manager's Form ADV Part II, which is attached to this Memorandum as Appendix B.

### Management Fee

FGL will receive a monthly management fee in an amount equal to one-twelfth of one percent (0.0833%) (approximately 1% per annum) of the Net Asset Value of the Fund before Performance Fees (as hereinafter defined) as calculated at the opening of the first day of the month, which will include subscriptions for Shares accepted by the Fund as of the first day of such month. This fee is payable monthly in arrears. FGL may pay a portion of the Management Fee to an affiliate of FGL and the Investment Manager in consideration of the affiliate providing certain administrative services and back-office support to the Fund.

### Performance Fee

FGL will receive, for each calendar quarter, a performance fee (the "Performance Fee") with respect to each Share outstanding during such calendar quarter in an aggregate amount equal to 20% of the net realized and net unrealized appreciation in the Net Asset Value of each Share in such calendar quarter ("Net Profits"), if any; subject to reduction in connection with certain offsets with respect to each Share, provided, however, that if a Share has a loss chargeable to it during any calendar quarter or quarters ("Unrecouped Loss") and during any succeeding calendar quarters there are Net Profits allocable to the Share, there will be no Performance Fee payable with respect to such Share until the amount of the Unrecouped Loss allocated to such Share has been recouped. If Shares are redeemed during a calendar quarter, the Unrecouped Loss relating to such Shares will be reduced in the same proportion as the reduction in the Net Asset Value of such Shares caused by such redemption. Shares which are either purchased or redeemed during a calendar quarter shall be subject to the payment of a Performance Fee only for the portion of the calendar quarter during which such Shares were outstanding. The Performance Fee will only be paid on "new appreciation" in the Fund's Net Asset Value allocable to the Shares.

In certain circumstances, the Performance Fee may be reduced for particular calendar quarters and the amount of the reduction repaid in subsequent calendar quarters (see "FEES, COMPENSATION AND EXPENSES – Performance Fee").

FGL and the Fund may enter into an agreement pursuant to which FGL may elect to defer payment of all or a portion of its Management Fees and/or Performance Fees.

## THE FUND

### Description

The Fund was incorporated in the Territory of the British Virgin Islands ("BVI") as an international business company on October 30, 1990. The registered office of the Fund is located in Road Town, Tortola, British Virgin Islands.

Shareholders will have the right to redeem part or all of their Shares as of the last business day of any month (See "TRANSFERS, REDEMPTIONS AND TERMINATION").

## MANAGEMENT OF THE FUND AND OTHER RELATIONSHIPS

### The Fund

The Fund's Board of Directors has overall management responsibility for the Fund, including establishing investment, dividend and distribution policy, and having the authority to select and replace the Fund's administrator, registrar and transfer agent, custodian, any officers of the Fund and other persons or entities with management or administrative responsibilities to the Fund. None of the Fund's Directors own an equity interest in the Fund.

The Directors of the Fund are as follows:

**Walter Noel** has over thirty years of experience in the investment business. From 1959 to 1972, he was associated with the Management Services Division of Arthur D. Little Inc., an industrial and management consulting firm. From 1972 to 1974, Mr. Noel was President of Bahag Banking Ltd., in Lausanne, Switzerland. In 1974, Mr. Noel became Vice President of the International Private Banking Department of Citibank, N.A., where he remained until 1977 when he became Senior Vice President of the International Private Banking Department of Chemical Bank. Mr. Noel remained at Chemical Bank until 1983, where he shared primary responsibility for developing its international private banking business. He founded The Fairfield Greenwich Group, an affiliate of the Fund's investment manager, Fairfield Greenwich (Bermuda) Ltd., in 1983. Since founding The Fairfield Greenwich Group, Mr. Noel has been a director or general partner for a variety of its funds.

**Jan R. Naess** received a Bachelor of Arts degree in 1981 and a Masters degree in Economics in 1983 from the University of Oslo. From 1983 to 1987, he was employed in the Economic Research Department of R.S. Platou a.s. in Oslo, a leading shipbrokering firm. In 1987, Mr. Naess joined with R.S. Platou a.s. to form R.S. Platou Asset Management a.s., which was instrumental in the sale and purchase of 15 bulk carriers from 1987 to 1989. In 1989, Mr. Naess liquidated his interest in R.S. Platou Asset Management a.s. and formed PAN Shipping Ltd., a shipowning/operating and project development fund, which merged with Northern Navigation International Limited ("NNI") in 1991. Mr. Naess is a Vice President of NNI, a Liberian corporation, which is in the business of investing in and managing shipping assets.

**Peter P. Schmid** received a Swiss Federal Certificate of Capacity in 1968. Mr. Schmid was employed by Credit Suisse from 1968 to 1986. From 1975 to 1977, he was employed in Credit Suisse's International Portfolio Management Department in Zurich. After a brief posting in Credit Suisse's New York office, Mr. Schmid was in charge of the bank's representative office in Rio de Janeiro from 1977 to 1984. From 1984 to 1986, Mr. Schmid was Vice President in charge of Credit Suisse's Latin American Private Banking Desk in Geneva. Mr. Schmid has been an independent investment adviser since April 1986. He

is President of Peter Schmid (Portfolio Management), P. Schmid & Associés, S.A. and Armor S.A. Mr. Schmid is a Director of Inter Asset Management Inc.

### **The Investment Manager**

The Fund's investment manager is Fairfield Greenwich (Bermuda) Ltd., a corporation organized under the laws of Bermuda ("FGBL" or the "Investment Manager"), which was incorporated on June 13, 2003. It is responsible for the management of the Fund's investment activities, the selection of the Fund's investments, monitoring its investments and maintaining the relationship between the Fund and its custodian, administrator, registrar and transfer agent. The Investment Manager is the wholly-owned subsidiary of Fairfield Greenwich Limited, an exempted company organized under the laws of the Cayman Islands ("FGL"), which previously served as the investment manager of the Fund and currently serves as the Fund's Placement Agent.

FGBL and FGL are member companies of the Fairfield Greenwich Group ("FGG"), which was established in 1983 and had, as of May 1, 2006, more than \$9.0 billion employed in alternative asset management funds. Throughout its history, FGG has internally managed its own alternative asset funds and selectively identified external managers for affiliations where it serves as a managerial and distribution partner.

The Investment Manager and its affiliates currently serve as investment or administrative manager to more than twenty funds, and have exclusive distribution arrangements with several others. FGG maintains its principal office in New York, with a significant presence in London and Bermuda. Marketing and client support offices exist in other locations in the United States, Europe, and Latin America. FGG's London entity is licensed and subject to the supervision of the United Kingdom Financial Services Authority (the "FSA"). An affiliate of FGG is registered as a broker-dealer in the United States.

Effective April 20, 2006, the Investment Manager registered as an investment adviser with the Securities and Exchange Commission under the Investment Advisers Act of 1940, as amended. In addition, the Investment Manager has claimed an exemption under Commodity Futures Trading Commission ("CFTC") Rule 4.13(a)(3) from registration with the CFTC as a commodity pool operator and, accordingly, is not subject to certain regulatory requirements with respect to the Fund that would otherwise be applicable absent such an exemption.

Pursuant to the Investment Management Agreement between the Fund and the Investment Manager, the Investment Manager and the Placement Agent is not liable for any error of judgment or for any loss incurred by the Fund, except a loss resulting from willful malfeasance, bad faith or gross negligence in the performance of its duties under such agreement. The Investment Management Agreement further provides that the Investment Manager, the Placement Agent, their directors, officers, employees, agents and counsel will be indemnified and held harmless by the Fund against any and all claims, liability and expenses for any loss suffered by the Fund arising out of any act or omission of such indemnified party, except to the extent an act or omission constitutes willful misconduct or reckless disregard of the duties of such indemnified party. The Investment Management Agreement may be terminated by either party thereto on ten days' written notice prior to the end of any calendar quarter.

### **The Placement Agent**

Fairfield Greenwich Limited ("FGL" or the "Placement Agent"), the Fund's placement agent, oversees the marketing of the Shares.

The Fund may use the assistance of affiliated or unaffiliated placement agents and money managers, including FGL, to place the Shares. Such placement agents and intermediaries may charge their clients a placement fee of up to 5% of the total amount of the subscription for Shares sold with their assistance, and/or share in the fees earned from the Fund, which they may rebate to their clients. Placement fees charged directly by FGL will not exceed 3%. In certain instances, the Fund may deduct the amount of the placement fee from the subscription amount to pay to the placement agent and such amounts will not constitute part of the assets of the Fund.

Following is biographical information on the founders, principal officers and certain other key employees of FGG:

**Walter M. Noel, Jr.** His background is summarized above under "MANAGEMENT OF THE FUND AND OTHER RELATIONSHIPS - The Fund".

**Andres Piedrahita** founded Littlestone Associates in 1991, which merged with FGG in 1997. Mr. Piedrahita directs FGG's European and Latin American activities. Mr. Piedrahita has over fifteen years of experience in the investment business. Prior to the merger, Mr. Piedrahita was the Director and President of Littlestone Associates, Inc. (1991-1997). He was previously a Vice President at Shearson Lehman Hutton, specializing in money management consulting for non-U.S. institutions and individuals (1987-1990). Before joining Shearson, Mr. Piedrahita was a financial consultant with Prudential Bache Securities Inc. in New York (1981-1987). He received his Bachelor of Arts degree from Boston University's School of Communications.

**Jeffrey Tucker** has over thirty years of experience in investment related businesses. Mr. Tucker was an attorney with the Securities and Exchange Commission from 1970 to 1978. From 1975 to 1978, he was an Assistant Regional Administrator of the SEC's New York regional office, with supervisory responsibility for approximately half of its enforcement program. Mr. Tucker entered private practice in 1978 as a partner in the law firm Tucker, Globerman & Feinsand, where he remained until 1987. He specialized in securities and transactional matters, with a principal focus on limited partnership offerings. Mr. Tucker entered the securities industry in 1987 as a general partner of Fred Kolber & Co. ("Kolber"), a registered broker-dealer. At Kolber, Mr. Tucker was responsible for the development and administration of the firm's private investment funds. FGG began its association with Kolber at that time as a marketing agent, and the firms subsequently merged activities. Throughout FGG's development, Mr. Tucker has been responsible for directing its business and operational development and has been a director or general partner for a variety of its investment funds. Mr. Tucker received his Bachelor of Arts degree from Syracuse University and his JD from Brooklyn Law School.

FGL and certain of its principals have beneficial interests in the Fund.

The backgrounds of the Directors and key officers of the Investment Manager are set forth below:

**Andres Piedrahita** is a Director and the President of the Investment Manager. His background is set forth above under "MANAGEMENT OF THE FUND AND OTHER RELATIONSHIPS-The Investment Manager".

**Brian Francoeur** is a Director of the Investment Manager. Mr. Francoeur joined Citco Fund Services (Bermuda) Limited in 2001 and currently serves as its Managing Director. From 1999 until joining Citco, he was the Chief Financial Officer of CCS Group Limited, a computer cabling and network company based in Hamilton, Bermuda, and from 1997 to 1999 was a Senior Portfolio Manager with Olympia Capital (Bermuda) Limited, a fund administration company in Bermuda. Mr. Francoeur qualified as a chartered accountant in 1994 and was employed by Ernst & Young in Bermuda from 1995 to 1997.

**Amit Vijayvergiya** is Managing Director of the Investment Manager and focuses on manager selection and risk management for the Fund. He has been employed by the Investment Manager since 2003. Mr. Vijayvergiya has over 12 years of experience in asset management, risk management and operations research. Prior to joining the Investment Manager, from 2000 to 2003, Mr. Vijayvergiya managed MAV Hedge Advisors, a family office investing in traditional and alternative investment managers. From 1998 to 2000, he was the General Manager of LOM Asset Management ("LOM AM"), where he oversaw the management of \$160 million in assets. At LOM AM, Mr. Vijayvergiya structured and managed several multi-manager funds and served on the firm's management and investment committees. He began his business career in 1994 with a position in operations research at Canadian National Railways. Mr. Vijayvergiya received a Masters in Business Administration from Schulich School of Business at York University, a Bachelors of Science in Statistics from the University of Manitoba and a Bachelors of Arts in Economics from the University of Western Ontario. Mr. Vijayvergiya holds the Chartered Financial Analyst designation and the Financial Risk Manager certification.

### INVESTMENT POLICIES

The Fund seeks to obtain capital appreciation of its assets principally through the utilization of a nontraditional options trading strategy described as "split strike conversion", to which the Fund allocates the predominant portion of its assets. Set forth below is a description of the "split strike conversion" strategies ("SSC Investments").

The establishment of a typical position entails (i) the purchase of a group or basket of equity securities that are intended to highly correlate to the S&P 100 Index, (ii) the purchase of out-of-the-money S&P 100 Index put options with a notional value that approximately equals the market value of the basket of equity securities, and (iii) the sale of out-of-the-money S&P 100 Index call options with a notional value that approximately equals the market value of the basket of equity securities. An index call option is out-of-the-money when its strike price is greater than the current price of the index; an index put option is out-of-the-money when the strike price is lower than the current price of the index. The basket typically consists of between 35 to 50 stocks in the S&P 100 Index.

The primary purpose of the long put options is to limit the market risk of the stock basket at the strike price of the long puts. The primary purpose of the short call options is to largely finance the cost of the put hedge and to increase the stand-still rate of return.

This position in its entirety could be characterized as a bull spread which, presuming the stock basket highly correlates to the S&P 100 Index, is intended to work as follows: (i) it sets a floor value below which further declines in the value of the stock basket is offset by gains in the put options, (ii) it sets a ceiling value beyond which further gains in the stock basket are offset by increasing liability of the short calls, and (iii) defines a range of potential market gain or loss, depending on how tightly the options collar is struck.

The degree of bullishness of the strategy can be expressed at implementation by the selection of the strike prices in the S&P 100 Index put and call options. The farther away the strike prices are from the price of the S&P 100 Index, the more bullish the strategy.

The Split Strike Conversion strategy is implemented by Bernard L. Madoff Investment Securities LLC ("BLM"), a broker-dealer registered with the Securities and Exchange Commission, through accounts maintained by the Fund at that firm. The accounts are subject to certain guidelines which, among other things, impose limitations on the minimum number of stocks in the basket, the minimum market

capitalization of the equities in the basket, the minimum correlation of the basket against the S&P 100 Index, and the permissible range of option strike prices. Subject to the guidelines, BLM is authorized to determine the price and timing of stock and option transactions in the account. The services of BLM and its personnel are essential to the continued operation of the Fund, and its profitability, if any.

The options transactions executed for the benefit of the Fund may be effected in the over-the-counter market or on a registered options exchange.

### **Other Investments**

The Investment Manager, in its sole and exclusive discretion, may allocate a portion of the Fund's assets (never to exceed, in the aggregate, 5% of the Fund's Net Asset Value, measured at the time of investment) to alternative investment opportunities other than its "split strike conversion" investments (the "Non-SSC Investments"). It is anticipated that the Non-SSC Investments will be allocated to new investment vehicles managed by experienced management teams establishing themselves in new investment businesses ("Emerging Managers"), with no single allocation exceeding \$50 million, measured at the time of investment. These arrangements may include "lock-up" provisions of varying durations of these assets in such investments, subject to early release for breach of risk control or performance guidelines, or for cause. FGBL and the Fund generally share in fees received by Emerging Managers from investors other than the Fund. The Fund will pay fees with respect to the Emerging Managers at a rate that will not exceed the Fund's rate of fees (in certain cases, this may be accomplished by FGBL subsidizing, from its own moneys, the fees charged on these assets by Non-SSC Investment managers). Non-SSC Investments may also include strategic allocations to experienced managers in established funds.

In certain circumstances, the Performance Fee may be reduced for particular calendar quarters for certain Non-SSC Investment Losses. See "POTENTIAL CONFLICTS OF INTEREST" and "FEES, COMPENSATION AND EXPENSES –Performance Fee".

In order to ensure that the Fund will not be subject to United States federal income taxation on trading gains from the disposition of certain investments, it is expected that the Fund will not invest in any "United States real property interest" (including, for example, certain interests in any U.S. Corporation that is a "United States real property holding corporation"), as such terms are defined under the U.S. Internal Revenue Code of 1986 (the "Code") and the Treasury Regulations promulgated thereunder. (See "TAX CONSIDERATIONS AND EXCHANGE CONTROL.")

The Fund may invest some of its assets in short-term U.S. government obligations, certificates of deposit, short-term high grade commercial paper and other money market instruments, including repurchase agreements with respect to such obligations, money market mutual funds and short term bond funds. In order to ensure that substantially all of the interest earned by the Fund will not be subject to United States federal withholding taxes, any investment in an obligation of a U.S. person or entity (other than in certificates of deposits in banks) primarily will be in an instrument (i) which is issued and purchased at a discount from its face amount, which is not otherwise interest bearing, and which has a term of no more than 183 days from the date of issuance or (ii) which is in registered form and which is issued after July 18, 1984. (See "TAX CONSIDERATIONS AND EXCHANGE CONTROL.")

### **Investment Restrictions**

The Fund will observe the investment restrictions set forth in the Fund's Articles of Association which are summarized here:

- a) no more than 10% of the Net Asset Value of the Fund will be invested in the securities of any one issuer (other than any government or governmental agency);
- b) the Fund may not hold more than 10% of the issued securities of any one class of securities in any issuer (other than any government or governmental agency);
- c) no more than 10% of the gross assets of the Fund may be exposed to the creditworthiness or solvency of a single counterparty (other than any government or governmental agency), in each case calculated at the time of investment;
- d) no more than 10% of the Net Asset Value of the Fund may be invested in securities of countries where immediate repatriation rights are not available;
- e) the Fund will not invest in the securities of any issuer if the directors and officers of the Fund and the Investment Manager collectively own in excess of 5% of such securities;
- f) the Fund will not take or seek to take legal or management control of the issuer of underlying investments;
- g) the Fund will adhere to the general principle of diversification in respect of all of its assets;
- h) the Fund will not invest directly in real property;
- i) the Fund will not make any loans (except to the extent that the acquisition of any investment in securities or commodity interests described herein may constitute a loan) to any one issuer (other than any government or governmental agency) except with the consent of the custodian of the Fund's assets; and
- j) no more than 10% of the Net Asset Value of the Fund will be invested in physical commodities.

The investment restriction set out in (c) above will not apply to transactions with any counterparty which advances full and appropriate collateral to the Fund in respect of such transactions.

#### **OFFERING OF THE SHARES**

The Fund is offering up to 10,000,000 Shares. The initial offering price was U.S. \$200 per Share on November 30, 1990. The Shares are currently offered at a price equal to the Net Asset Value per Share (as hereinafter defined) as of the opening of business on the date of issuance.

Shares may be offered only to experienced and sophisticated investors who are neither citizens nor residents of the United States ("Non-U.S. Investors") and to a limited number of United States investors that are tax-exempt entities ("U.S. Tax-Exempt Investors").

The minimum initial purchase by each subscriber is U.S. \$100,000. The Fund may reject any subscription, in whole or in part, in its discretion. All subscriptions, once made, are irrevocable to the subscriber.

All proceeds from the sale of Shares will be received by the Fund in trust and will be deposited by the Fund into a segregated interest bearing account in the Fund's name at the Fund's bank, Citco Bank Nederland N.V. Dublin Branch. There are no underwriting arrangements with respect to the offering of Shares. The Fund may use the assistance of affiliated or unaffiliated placement agents and money

managers, including FGL, to place the Shares. Such placement agents and intermediaries may charge their clients a placement fee of up to 5% of the total amount of the subscription for Shares sold with their assistance, and/or share in the fees earned from the Fund, which they may rebate to their clients. Placement fees charged directly by FGL will not exceed 3%. In certain instances, the Fund may deduct the amount of the placement fee from the subscription amount to pay to the unaffiliated placement agent and such amounts will not constitute part of the assets of the Fund.

The Fund will offer its Shares on a continuous basis at a price equal to its Net Asset Value as of the opening of business on the date of issuance of such Shares. Subscriptions received during any month prior to the third to the last business day of the month will be accepted, subject to the sole discretion of the Investment Manager, as of the first business day of the following month. Thus, for example, subscriptions received between January 1 and January 28 shall be accepted as of February 1, assuming the 29th-31st are business days. The Fund reserves the right, in its discretion, to accept any subscription prior to such first day. Subscriptions shall become irrevocable to the subscriber on the third to the last business day of the month in which such subscription is received by the Fund.

The Fund was admitted to the Official List of the Irish Stock Exchange, Dublin, Ireland on January 12, 1995 and has been issued SEDOL number 0330934. It is unlikely that a trading market in the Fund's Shares will develop and none has developed to date. The listing does not affect shareholder redemption rights.

#### **Net Asset Value Defined**

The Net Asset Value of the Shares is the value of the Fund's assets as calculated in accordance with the International Financial Reporting Standards and the Memorandum and Articles of Association of the Fund.

Notwithstanding the foregoing:

(i) in the case of extraordinary circumstances which warrant a different valuation of any securities, such as an inability to liquidate existing positions, such securities will be valued at such prices as the Directors shall determine; and

(ii) the amount of any distribution or dividend made shall be a liability of the Fund from the day when the distribution or dividend is declared until it is paid.

All decisions on the valuation of assets and liabilities and determination of Net Asset Value shall be made by the Fund's Board of Directors.

Net Asset Value per Share is defined as the Net Asset Value divided by the number of Shares then outstanding.

The Net Asset Value of the Fund will be calculated on a monthly basis by the Fund's administrator, Citco Fund Services (Europe) B.V., which will promptly notify the Irish Stock Exchange of the results of each such Net Asset Value calculation.

Pursuant to the Fund's Articles of Association, the Fund may suspend the calculation of its Net Asset Value for the whole or any part of any period:

(a) during which any stock exchange or over-the-counter market on which any significant portion of the investments of the Fund are listed, quoted, traded or dealt

in is closed (other than customary weekend and holiday closing) or trading on any such stock exchange or over-the-counter market is restricted; or

- (b) when circumstances exist as a result of which in the opinion of the Directors it is not reasonably practicable for the Fund to dispose of investments or as a result of which any such disposal would be materially prejudicial to the shareholders; or
- (c) when a breakdown occurs in any of the means normally employed in ascertaining the value of investments or when for any other reason the value of any of the investments or other assets of the Fund cannot reasonably or fairly be ascertained; or
- (d) during which the Fund is unable to repatriate funds required for the purpose of making payments due on redemption of Shares or during which any transfer of funds involved in the realization or acquisition of investments or payments due on redemptions of Shares cannot in the opinion of the Directors be effected at normal rates of exchange.

Any such suspension shall take effect at such time as the Directors shall declare but not later than the close of business on the business day next following the declaration, and thereafter there shall be no determination of the Net Asset Value per Share of the Fund until the Directors shall declare the suspension at an end, except that such suspension shall terminate in any event on the first business day on which (a) the condition giving rise to the suspension shall have ceased to exist; and (b) no other condition under which suspension is authorized under the Fund's Articles of Association shall exist. Each declaration by the Directors pursuant to this paragraph shall be consistent with such official rules and regulations (if any) relating to the subject matter thereof as shall have been promulgated by any authority having jurisdiction over the Fund and as shall be in effect at the time. To the extent not inconsistent with such official rules and regulations, the determination of the Directors shall be conclusive. Whenever the Directors shall declare a suspension of the determination of the Net Asset Value per Share, then as soon as may be practicable after any such declaration, the Directors shall give notice to all shareholders stating that such declaration has been made. At the end of any period of suspension as aforementioned the Directors shall give notice to all shareholders stating that the period of suspension has ended.

#### **Who Should Purchase/Subscription Procedure**

This offering is limited to non-U.S. persons and to a limited number of United States investors that are tax-exempt entities all of whom have the ability to speculate in high risk securities and for whom such a purchase is suitable in light of such person's financial condition. The Fund will require as a condition to the acceptance of a subscription that the subscriber represent and warrant that he has a net worth in excess of U.S. \$1,000,000.

Prospective subscribers should inform themselves as to the legal requirements within their own countries for the purchase of Shares and any foreign exchange or tax considerations relevant to such purchase.

As part of the Fund's responsibility for the prevention of money laundering, the Fund will require detailed verification of a prospective investor's identity to be included with its subscription application.

An individual will be required to produce a certified copy of a passport or identification card. Corporate applicants will be required to produce a certified copy of the certificate of incorporation (and any change of name), memorandum and articles of association (or other documents evidencing the existence of the

legal entity), the register of directors or an excerpt from the trade register held at the relevant chamber of commerce and the signatory card verifying the authority of officers to sign on behalf of the corporate entity. Trusts and other entities which subscribe to the Fund must demonstrate organizational documents which verify the existence of the entity and which verify the authority of one or more signatories to sign subscriptions on behalf of the entity.

The Fund reserves the right to request such further information as is necessary to verify the identity of an applicant. In the event of delay or failure by the applicant to produce any information required for verification purposes, the Fund may refuse to accept the application and the subscription moneys relating thereto.

In order to subscribe for Shares, subscribers must complete and sign the Subscription Agreement included in the Subscription Documents which accompany this Private Placement Memorandum (the "Memorandum"), and mail them to Fairfield Sentry Limited, c/o Citco Fund Services (Europe) B.V., Telestone 8-Teleport, Naritaweg 165, 1043BW Amsterdam, The Netherlands; fax number (31-20) 572-2610. Subscription funds should be wire transferred to the Fund's escrow account at:

***Intermediary Bank - Field 56***

HSBC Bank, New York  
BIC: MRMDUS33  
Fed Wire: 021001088

***Account with Institution - Field 57***

Account Name: Citco Bank Nederland N.V. Dublin Branch  
Account Number: 000306487  
BIC: CITCIE2D

***Beneficiary Customer - Field 59***

Beneficiary Account Name: Fairfield Sentry Limited  
Beneficiary International Bank Account Number (IBAN):  
IE23CITC00000035810501

***Reference - SWIFT Field 70:*** Name and Full Address of Subscriber:

**FEES, COMPENSATION AND EXPENSES**

**Expenses**

The Fund will bear, for each year, all continuing offering costs; all ordinary legal and auditing fees; all registrar, transfer agent and administration fees; all insurance expenses; all expenses in maintaining the Fund's office and all other expenses incurred in the operation of the Fund, if any, including any legal and auditing fees that relate to extraordinary circumstances, such as tax examinations or litigation involving the Fund, as well as all fees and all ordinary and necessary expenses related to the Fund's investment and trading activities.

FGL will pay the Investment Manager a fixed fee for providing certain managerial services to the Fund, as more fully described in the Investment Manager's Form ADV Part II, which is attached to this Memorandum as Appendix B.

### **Management Fee**

FGL will receive for each month a management fee (the "Management Fee") in an amount equal to one-twelfth of one percent (0.0833%) (approximately 1% per annum) of the Net Asset Value of the Fund before Performance Fees (as hereinafter defined) as calculated at the open of the first day of the month (which would include any subscriptions for Shares accepted by the Fund as of the first day of such month). The Management Fee is payable monthly in arrears. FGL may pay a portion of the Management Fee to an affiliate of FGL and the Investment Manager in consideration of the affiliate providing certain administrative services and back-office support to the Fund.

### **Performance Fee**

FGL will receive, for each calendar quarter, a performance fee (the "Performance Fee") in an amount equal to 20% of the net realized and net unrealized appreciation in the Net Asset Value of each Share in such calendar quarter ("Net Profits"), if any; provided, however, that if a Share has a loss chargeable to it during any calendar quarter or quarters ("Unrecouped Loss") and during any succeeding calendar quarters there are Net Profits allocable to the Share, there will be no Performance Fee payable with respect to such Share until the amount of the Unrecouped Loss allocated to such Share has been recouped. If Shares are redeemed during a calendar quarter, the Unrecouped Loss relating to such Shares will be reduced in the same proportion as the reduction in the Net Asset Value of such Shares caused by such redemption. No Share will be subject to the payment of a Performance Fee until such Share has recouped its loss carryover, i.e., until the Net Asset Value of such Shares is at least as high as the previous highest Net Asset Value per Share. **IN OTHER WORDS, PERFORMANCE FEES WILL ONLY BE PAID ON "NEW APPRECIATION" IN THE NET ASSET VALUE OF THE SHARES.** Shares which were either purchased or redeemed during a calendar quarter will be subject to the payment of a Performance Fee only for the portion of the calendar quarter during which such shares were outstanding. FGL will reduce any Performance Fees otherwise payable to it by offsetting it against an amount equal to the "Shared Cash Flow Amount" as defined in "POTENTIAL CONFLICTS OF INTEREST", below) attributable to Non-SSC Investments.

Notwithstanding the foregoing, in the event that, as at the end of any calendar year, the aggregate amount of original investments in Non-SSC Investment vehicles exceeds the aggregate net asset value of the Fund's interests in Non-SSC Investment vehicles (before deduction of the Fund's share of fees payable by the Non-SSC Investment vehicles) (such excess being the "Non-SSC Investment Loss") FGL will reduce its Performance Fee payable at subsequent quarter-end by an amount equal to the Non-SSC Investment Loss. The portion of the Performance Fee that is reduced to cover the Non-SSC Investment Loss will be carried forward. In the event that the Non-SSC Investment Loss is, in part or in whole, subsequently recouped by Non-SSC Investment vehicles, the Fund will pay FGL such portion of the Performance Fee that was previously reduced to cover Non-SSC Investment Losses in addition to Performance Fees otherwise payable for any quarter.

Pursuant to its agreement with the Fund, FGL may elect to defer payment of all or a portion of its Performance Fee.

### **Salaries and Other Personnel Expenses**

Mr. Noel will not be compensated for serving as a Director of the Fund, but he and representatives of the Investment Manager will be reimbursed by the Fund for any out-of-pocket expenses they may incur in attending meetings of the Board of Directors or of shareholders. The Directors not affiliated with the Investment Manager, of which there are at the present time two, will each be paid a fee of \$25,000 per

annum by the Fund together with his out-of-pocket expenses in attending meetings of the Board of Directors or of shareholders.

## **BANK, CUSTODIAN AND BROKERAGE**

### **Bank and Custodian**

Pursuant to a custodian agreement (the "Custody Agreement"), Citco Bank Nederland N.V., Dublin Branch ("Citco Bank") and Citco Global Custody N.V. ("Citco Depository") have agreed to provide custodial services to the Fund. Citco Bank shall, to the extent it deems necessary, appoint and Citco Depository shall make use of sub-custodians with respect to certain securities of the Fund. Citco Bank will not be liable for any act or omission or for the solvency of such sub-custodians, provided Citco Bank exercised due care in selecting the sub-custodians. Citco Depository will not be liable for any act or omission or for the solvency of such sub-custodians. Citco Bank will exercise reasonable skill, care and diligence in the selection of a suitable sub-custodian and shall be responsible to the Fund for the duration of the sub-custody arrangement for satisfying itself as to the ongoing suitability of the sub-custodian to provide custodial services to the Fund. Citco Bank will maintain an appropriate level of supervision over the sub-custodian(s) and make appropriate enquiries, periodically, to confirm that the obligations of the sub-custodian(s) continue to be competently discharged.

As a result of the Investment Manager's selection of Bernard L. Madoff Investment Securities, LLC ("BLM") as execution agent of the split strike conversion strategy, substantially all of the Fund's assets will be held in segregated accounts at BLM, a U.S. registered broker-dealer and qualified custodian. Accordingly, BLM will be a sub-custodian of the Fund.

The underlying assets of the Non-SSC Investments are held pursuant to custodial arrangements with other qualified entities.

### **Brokerage**

It is expected that the Investment Manager and the Non-SSC Investment managers will generally allocate brokerage business on the basis of best available execution and in consideration of such brokers' provision of brokerage and research services. The Investment Manager and the Non-SSC Investment managers may also utilize brokers with which the Non-SSC Investment managers are affiliated.

In selecting brokers or dealers to execute transactions, the Investment Manager and the Non-SSC Investment managers typically will not solicit competitive bids and will not have an obligation to seek the lowest available commission cost. It generally will not be the practice of the Investment Manager or the Non-SSC Investment managers to negotiate "execution only" commission rates, and thus the Fund may be deemed to be paying for research and other services provided by the broker which are included in the commission rate. Research furnished by brokers may include, but is not limited to, written information and analyses concerning specific securities, companies or sectors; market, financial and economic studies and forecasts; financial publications; statistic and pricing services, as well as discussions with research personnel, along with hardware, software, data bases and other technical and telecommunication services and equipment utilized in the investment management process. Research services obtained by the use of commissions arising from such transactions may be used by the Investment Manager or the Non-SSC Investment managers in their other investment activities.

The Investment Manager and the Non-SSC Investment managers may also be paying for services other than research that are included in the commission rate. These other services may include, without limitation, office space, facilities and equipment; administrative and accounting support; supplies and

stationery; telephone lines, usage and equipment and other items which might otherwise be treated as an expense of the Investment Manager or the Non-SSC Investment managers. To the extent the Investment Manager or the Non-SSC Investment managers utilize commissions to obtain items which would otherwise be an expense of the Investment Manager or the Non-SSC Investment managers, such use of commissions in effect constitutes additional compensation to the Investment Manager or the Non-SSC Investment managers, as the case may be. Certain of the foregoing commission arrangements are outside the parameters of Section 28(e) of the Securities Exchange Act of 1934, as amended which permits the use of commissions or "soft dollars" to obtain "research and execution" services. Finally, since commission rates are generally negotiable, selecting brokers on the basis of considerations which are not limited to applicable commission rates may result in higher transaction costs than would otherwise be obtainable.

#### **ADMINISTRATOR, REGISTRAR AND TRANSFER AGENT**

Pursuant to an administration agreement, dated February 20, 2003, between Citco Fund Services (Europe) B.V. ("Citco") and the Fund (the "Administration Agreement"), Citco serves as the administrator for the Fund, under the overall direction of the Fund's Board of Directors. As administrator, Citco has the responsibility for furnishing the day-to-day administrative services which the Fund may require, such as: accounting services; maintaining the Fund's books and records; preparation of reports and accounts; calculation of Net Asset Value and fees; communications with shareholders and/or governmental bodies; paying the Fund's expenses; providing suitable facilities and procedures for handling dividends and distributions (if any) and the orderly liquidation and dissolution of the Fund, if required. In consideration of its services, Citco receives a monthly fee based on the Net Asset Value of the Fund as of the last business day of each month at a commercially reasonable rate.

To the extent that Citco relies on information supplied by the Fund, any investee fund of the Fund or any brokers engaged by the Fund, in connection with making any of the aforementioned calculations, Citco's liability for the accuracy of such calculations is limited to the accuracy of its computations. Citco shall not be liable for the accuracy of the underlying data provided to it.

Pursuant to the Administration Agreement, the Fund has agreed to indemnify Citco, its subsidiaries, affiliates, directors and other officers, shareholders, servants, employees, agents and permitted delegates under the Administration Agreement, against any and all liabilities, obligations, losses, judgments and expenses of any kind or nature whatsoever (collectively, the "Claims" and, individually, a "Claim") which may be imposed on, incurred by or asserted against any of them arising (other than by reason of negligence, bad faith, fraud or dishonesty on the part of Citco or such other indemnified party) out of the provision of services under the Administration Agreement. Similarly, Citco will indemnify the Fund from and against any Claim which arises directly out of the negligence, bad faith, fraud or dishonesty of its obligations on the part of Citco in connection with its provision of services under the Administration Agreement. The Administration Agreement may be terminated by either party on 90 days' prior written notice; provided, however, that the Administration Agreement may be terminated forthwith by notice in writing by either party if the other party (a) commits a material breach of the Administration Agreement and fails to cure such breach within 30 days after notice from the non-defaulting party; or (b) enters into involuntary liquidation or if a receiver is appointed over any of its assets.

#### **RISK FACTORS**

The purchase of Shares in the Fund involves substantial risks that are incident to the Fund's allocation of assets to SSC and Non-SSC Investments.

1. **Trading Risks.** Substantial risks are involved in the trading of equity securities and options. Market movements can be volatile and are difficult to predict. U.S. Government activities, particularly those of the Federal Reserve Board, can have a profound effect on interest rates which, in turn, substantially affect securities and options prices, as well as the liquidity of such markets. Politics, recession, inflation, employment levels, trade policies, international events, war and other unforeseen events can also have significant impact upon the prices of securities and options. A variety of possible actions by various government agencies also can inhibit the profitability of the Fund's business or can result in losses. Such events, which can result in huge market movements and volatile market conditions, create the risk of catastrophic losses for the Fund.

Various techniques are employed to attempt to reduce a portion of the risks inherent in the trading strategies utilized by or on behalf of the Fund. The ability to achieve the desired effect through a particular technique is dependent upon many factors, including the liquidity of the market at the desired time of execution. Thus, substantial risk remains that the techniques employed by or on behalf of the Fund cannot always be implemented or effective in reducing losses. At various times, the markets for exchange-listed equity securities and options and/or other securities may be "thin" or illiquid, making purchases or sales of securities at desired prices or in desired quantities difficult or impossible. In addition, options prices are extremely volatile. The volume and volatility of trading in these markets depends in part on general public interest and public opinion concerning economic conditions as well as the liquidity provided by market-makers and specialists. The liquidity of the market may also be affected by a halt in trading on a particular futures or securities exchange or exchanges. Illiquid markets may make it difficult to get an order executed at a desired price.

2. **Trading Strategies May Not be Successful.** There can be no assurance that any trading method employed by or on behalf of the Fund will produce profitable results, and the past performance of the Fund is not necessarily indicative of its future profitability. In that regard, certain of the managers receiving Non-SSC Investment allocations may not have investment records compiled while managing assets on their own. Profitable trading is often dependent on anticipating trends or trading patterns. In addition, markets experiencing random price fluctuations, rather than defined trends or patterns, may generate a series of losing trades. There have been periods in the past when the markets have been subject to limited and ill-defined price movements, and such periods may recur. Any factor which may lessen major price trends (such as governmental controls affecting the markets) may reduce the prospect for future trading profitability. Any factor which would make it difficult to execute trades, such as reduced liquidity or extreme market developments resulting in prices moving the maximum amount allowed in a single day, could also be detrimental to profits or cause losses.

3. **Dependence upon Principals and Key Employees of the Investment Manager and BLM.** The services of the Investment Manager's principals and key employees and BLM are essential to the continued operations of the Fund. If their services were no longer available, their absence would have an adverse impact upon an investment in the Fund. The key employees of the Investment Manager will allocate a small portion of the Fund's assets between and among the Non-SSC Investment managers. The Fund will be dependent on the continued presence of these key employees in connection with identification of the recipients of these allocations and the monitoring of the Non-SSC Investments.

4. **Incentive Compensation.** The payment of a percentage of the Fund's net profits to FGL (an affiliate of the Investment Manager) may create an incentive for the Investment Manager to cause the Fund to make investments that are riskier or more speculative than would be the case if this payment were not made. Since the fee is calculated on a basis that includes unrealized appreciation of assets, such fee may be greater than if it were based solely on realized gains.

In addition, the Non-SSC Investment managers will generally be compensated through incentive arrangements. Under these arrangements, the Non-SSC Investment managers may benefit from appreciation, including unrealized appreciation in the value of the Non-SSC Investment, but may not be similarly penalized for decreases in the value of such investment vehicle. Such fee arrangements may create an incentive for the Non-SSC Investment managers to make purchases that are unduly risky or speculative. In most cases, however, the Fund anticipates that it will invest in Non-SSC Investments where the manager is required to recoup prior losses before any performance-type fee is payable in respect of current gains.

To the extent that an accrual for an incentive fee is reflected in the net asset value of shares of a Non-SSC Investment vehicle, then if such accrual is reversed by the Non-SSC Investment vehicle as a result of subsequent depreciation, all of the Shares of the Fund will benefit from the reversal of the accrual, including Shares purchased after the Non-SSC Investment vehicle made the accrual. Further, to the extent that the Performance Fee is reduced by the Non-SSC Investment Loss amount, then if such reduction is repaid in part or in whole by the Fund due to recoupment of losses by Non-SSC Investment vehicles, the Net Asset Value of all Shares of the Fund then outstanding will be reduced, including Shares purchased after the reduction of the Performance Fee.

5. **Conflicts of Interest.** The Investment Manager and the Non-SSC Investment managers receiving allocations of the Fund's assets, and their respective principals and affiliates, are presently affiliated with and may in the future form and manage, or provide other services to, other investment entities (including without limitation investment partnerships, investment companies and mutual funds) with substantially the same or different objectives as those of the Fund. They may also make investments in securities for their own accounts. In addition, the Investment Manager functions as the investment manager for private investment funds in addition to the Fund. Such activities could detract from the time that the Investment Manager and its principals allocate to the affairs of the Fund. The Investment Manager will obtain certain business and financial benefits from the Fund's investments in the Non-SSC Investments which may result in a conflict of interest between the Investment Manager and the Fund in the selection of, and allocation of assets between and among, the Non-SSC Investments. See "POTENTIAL CONFLICTS OF INTEREST".

6. **Custodian/Clearing Firm Loss or Insolvency.** If a custodian or clearing firm utilized in connection with accounts maintained on behalf of the Fund were to become insolvent, the Fund could have some or all of these positions closed out without its consent. In addition, all of the Fund's positions may not be closed out under these circumstances, yet delays or other difficulties may be experienced in attempting to close out or exercise options positions. Widespread insolvency among clearing firms that clear securities options could also impair the ability of the Options Clearing Corp. (the "OCC") to honor all exercises, in spite of the system of safeguards which the OCC has in place. Such widespread insolvency, or of a particular custodian, could result in substantial losses to the Fund.

7. **Competition.** The securities industry, including market-making activities and transactions effected in connection therewith, are very competitive. Competition from other persons or entities involved in activities similar to those of the Fund can restrict the ability of the Fund to acquire positions at the prices deemed most beneficial to its overall trading strategies. Many such competing persons or entities are better capitalized and have more experience in trading than the Fund. Moreover, the widespread use of computer-assisted trading systems for trading strategies can alter trading patterns or affect execution of trades to the detriment of the Fund.

8. **Over-the-Counter Options Transactions.** Options transactions effected on behalf of the Fund may utilize the over-the-counter market for their execution. Trading index options in

the over-the-counter market is subject to counter-party risk and is without the protections afforded by transactions effected through the OCC, a registered options exchange.

9. **Option Buyer's Risk of Loss of Entire Investment.** An option is a wasting asset which becomes worthless when the option expires. As the remaining life of an option shortens with the passage of time, its value is reduced until it reaches zero upon expiration. This means that the option buyer who neither sells it in the secondary market nor exercises it prior to expiration will lose his entire investment in the option.

10. **Arbitrage Transactions.** Among the many risks of arbitrage transactions are that two or more buy or sell orders may not be able to be executed simultaneously at the desired prices, resulting in a loss being incurred on both sides of a multiple trade arbitrage transaction. Also, the transaction costs of arbitrage transactions can be especially significant because separate costs are incurred on each component of the combination. Consequently, a substantial favorable price movement may be required before a profit can be realized.

11. **Combination Transactions.** At various times, the Fund may engage in spreads or other combination options transactions involving the purchase and sale of related options contracts, in various combinations. Such transactions are considerably more complex than the purchase or writing of a single option. The following are among the many risks of combination option transactions: the difficulty that may be involved in attempting to execute simultaneously two or more buy or sell orders at the desired prices; the possibility that a loss could be incurred on both sides of a multiple options transaction; and the possibility of significantly increased risk exposure resulting from the hedge against loss inherent in most spread positions being lost as a result of the assignment of an exercise to the short leg of a spread while the long leg remains outstanding. Also, the transaction costs of combination options transactions can be especially significant because separate costs are incurred on each component of the combination. This can have the effect of requiring a substantial favorable price movement before a profit can be realized.

12. **Trading Decisions Based on Trend Analysis.** Certain of the trading decisions of the Fund are based on the use of computer pricing models to identify apparently overpriced or underpriced options in relationship to an assumed norm. In addition, analyses of price and other fluctuations over time may be relied upon which utilize charts and computers in order to discern and predict trends. Trading based on such analyses is subject to the risks that options premiums will not increase or decrease as predicted by the analyses, or that trades dictated by the analyses may not be executed in time to take advantage of the price disparities. This latter risk is likely to materialize when numerous market makers use similar analyses, all of which dictate the desirability of executing identical or similar contracts. In the past, there have been periods without identifiable trends and, presumably, such periods will continue to occur. Trading models or analyses that depend upon the forecasting of trends will not be profitable if there are not identifiable trends of the kind that the models or analyses seek to follow. Any factor which would make it more difficult to execute trades in accordance with the models or analyses signals, such as a significant lessening of liquidity in a particular market, would also be detrimental to profitability.

13. **Assignment of Puts or Calls.** Substantial losses may result under certain circumstances if a hedged position becomes a long or short position due to the assignment of the short put or short call portion of the hedged position. Under normal market conditions, the remaining portion of the previously hedged portion may be liquidated or otherwise adjusted to limit exposure to price changes. Suspension of trading of the option class or underlying securities followed by a price gap at the reopening of trading might result in substantial losses. The same would be true given an illiquid market such as that of October 1987.

14. **Prohibition of Exercise Rights.** The options markets have the authority to prohibit the exercise of particular options. If a prohibition on exercise is imposed at a time when trading in the option has also been halted, holders and writers of that option will be locked into their positions until one of the two restrictions has been lifted.

15. **Absence of Regulatory Oversight.** While the Fund may be considered similar to an investment company, it does not intend to register as such under the U.S. Investment Company Act of 1940, as amended, in reliance upon an exemption available to privately offered investment companies, and, accordingly, the provisions of that Act (which, among other matters, require investment companies to have disinterested directors, require securities held in custody to at all times be individually segregated from the securities of any other person and marked to clearly identify such securities as the property of such investment company and regulate the relationship between the adviser and the investment company) will not be afforded to the Fund or the shareholders. Effective April 20, 2006, the Investment Manager registered as an investment adviser under the Advisers Act.

16. **Risks of Leverage.** The Non-SSC Investment vehicles in which the Fund invests may borrow funds in connection with their investment strategies. A particular Non-SSC Investment vehicle may not be subject to any limitation in the amount of its borrowings, and the amount of borrowings that the Non-SSC Investment vehicle may have outstanding at any time may be substantial in comparison to its capital.

The use of leverage may provide the Non-SSC Investment vehicle with the opportunity for greater capital appreciation, but at the same time will increase the Non-SSC Investment vehicle's, and indirectly the Fund's, exposure to capital risk and higher current expenses. Moreover, if the assets of the Non-SSC Investment vehicle are not sufficient to pay the principal of, and interest on, the Non-SSC Investment vehicle's debt when due, the Fund could sustain a total loss of its investment in the Non-SSC Investment vehicle.

17. **Possibility of Misappropriation of Assets.** When the Fund invests utilizing the "split strike conversion" strategy or in a Non-SSC Investment vehicle, it will not have custody of the assets so invested. Therefore, there is always the risk that the personnel of any entity with which the Fund invests could misappropriate the securities or funds (or both) of the Fund.

18. **Sole Proprietor Non-SSC Investment Managers.** Some of the Non-SSC Investment vehicles to which the Fund may allocate capital may consist of investment operations with only one principal. In such cases, if that individual's services became unavailable to the Non-SSC Investment vehicle, the Fund might sustain losses.

19. **Experience of Non-SSC Investment Managers.** While certain of the Non-SSC Investment managers have had extensive experience in trading securities generally and within their specific investment strategies, they may have had little experience in investing and trading on behalf of a pooled investment vehicle, in utilizing certain of the investment strategies to be employed on behalf of the Fund or in managing an account as large as that anticipated for the Non-SSC Investments. In that regard, as the assets of the Non-SSC Investment vehicles increase, it is not known what effect, if any, this will have on the trading strategies utilized on their behalf or their investment results.

20. **Emerging Managers.** As the Non-SSC Investment vehicles generally will be in an early stage of formation or operation, this can pose a number of operational and other issues. For example, in its early stages the Non-SSC Investment manager may have little capital available to cover expenses and, accordingly, may have difficulty attracting qualified personnel. Competing investment

managers have a larger number of qualified management and technical personnel and benefit from a larger capital base.

21. **Lack of Liquidity.** Certain of the Fund's investments in the Non-SSC Investments will be subject to lock-up provisions any of which will limit the ability of the Fund to withdraw capital from such investment. While such lock-up period may be subject to early release for breach of risk control or performance guidelines or for cause, there can be no assurance that the Fund will not sustain additional losses while such lock-up period remains in effect.

22. **Non-Disclosure of Positions.** In an effort to protect the confidentiality of its positions, the Fund generally will not disclose all of its positions to shareholders on an ongoing basis, although the Fund, in its sole discretion, may permit such disclosure on a select basis to certain shareholders, if it determines that there are sufficient confidentiality agreements and procedures in place.

23. **Exchange Rate Risk.** The Fund will maintain its assets in U.S. dollars. The Net Asset Value per Share is determined in U.S. dollars. Non-dollar investors are subject to possible reduction in the value of their Shares due to changes in the rate of exchange between the U.S. dollar and their native currency. In addition, a hedge may be established in anticipation of new subscribers. In the event such subscriptions are not made, the hedge position will be unwound and the transactions will be borne by the existing shareholders.

#### POTENTIAL CONFLICTS OF INTEREST

The Investment Manager, the Non-SSC Investment managers and their respective affiliates, officers and employees may form and manage other investment entities (including without limitation investment partnerships, investment companies, mutual funds and offshore funds) and provide investment services to clients other than the Fund in the future with substantially the same or different objectives as those of the Fund. They may also make investments in securities for their own accounts. Such activities could detract from the time they allocate to the affairs of the Fund and negatively impact the Fund's investment opportunities. Similarly, Messrs. Naess and Schmid, the non-affiliated Directors, have other business interests and will not devote their entire time to the Fund's affairs.

The Investment Manager and its related persons might have an incentive to favor one or more of their other clients over the Fund, for example with regard to the selection of certain investments for those clients because those clients might pay the Investment Manager more for its services than the Fund. The Investment Manager and its related persons will act in a fair and reasonable manner in allocating suitable investment opportunities among their client and proprietary accounts. No assurance can be given, however, that (i) the Fund will participate in all investment opportunities in which other client or proprietary accounts of such persons participate, (ii) particular investment opportunities allocated to client or proprietary accounts other than the Fund will not outperform investment opportunities allocated to the Fund, or (iii) equality of treatment between the Fund, on the one hand, and other client and proprietary accounts of such persons, on the other hand, will otherwise be assured.

In connection with the investment of Fund assets in Non-SSC Investments, the Investment Manager and its affiliates may obtain financial and business benefits, including but not limited to: (i) additional investment capacity in Non-SSC Investments, which may be made available to other clients of the Investment Manager, (ii) compensation from Emerging Managers in connection with placement of such additional investment capacity, and/or (iii) sharing in the equity or cash flows of the entire investment business (Fund and non-Fund related) of such Emerging Managers. The Investment Manager, or an affiliate, will share with the Fund annually, through Performance Fee offset, an amount equal to the greater of (i) 50% of cash flows generated by equity held by the Investment Manager or an affiliate

thereof in the businesses of Emerging Managers or (ii) 10% of all revenues accruing to the Investment Manager or an affiliate thereof directly from its association with Non-SSC Investment vehicles (the "Shared Cash Flow Amount"). Despite this sharing, however, the arrangements described in this paragraph may result in a conflict of interest between the Investment Manager and the Fund.

Because the Fund was organized by affiliates of FGL, the fees paid by the Fund to FGL were not the result of arms-length negotiation.

The Fund may engage other placement agents and enter into other sales relationships to market the Fund. If a shareholder is introduced to the Fund by an agent, such shareholder should expect the agent to be paid by FGL for the introduction out of the fees FGL receives from the Fund. The agent will have an incentive to recommend that such shareholder remain an investor in the Fund, since the agent will likely be paid a portion of FGL's fees each year that the shareholder remains an investor.

Because Mr. Noel is a principal of FGL, an affiliate of the Investment Manager, as well as a Director of the Fund, he may have an incentive to take actions as a Director that favors the Investment Manager over the Fund.

Each service provider to the Fund shall pay regard to its obligation to act in the best interest of the Fund and the Directors of the Fund will ensure that all such potential conflicts of interest are resolved fairly and in the interest of the shareholders. When allocating investment opportunities, the Investment Manager will ensure that all such investments are allocated in a fair and equitable manner.

#### **DESCRIPTION OF SHARES**

The Fund is authorized to issue up to 10,000,000 shares in one class, with a par value of U.S. \$.01. The Fund has an authorized share capital of U.S. \$100,000. The Shares will be issued in registered form. Each Share, when issued, will be fully paid and non-assessable.

Holders of Shares are entitled to one vote per Share and will participate on a pro rata basis in the assets of the Fund on liquidation and in dividends and other distributions as declared.

#### **DIVIDEND POLICY**

Since the business objective of the Fund is directed toward achieving capital appreciation, it is anticipated that the Fund will not declare any dividends or make any distributions to its shareholders. Subject to the foregoing and to applicable law, the Fund's Board of Directors will have sole discretion in determining the amount and frequency of dividend distributions, if any. Any distributions made will be in accordance with the policies of the Irish Stock Exchange, which provide that a dividend payment may only be made out of the Fund's accumulated net income plus the net of accumulated realized and unrealized capital gains and accumulated net realized and unrealized capital losses.

#### **TRANSFERS, REDEMPTIONS AND TERMINATION**

##### **Transfers**

NO SALE OR TRANSFER OF SHARES WILL BE PERMITTED WITHOUT THE FUND'S CONSENT; HOWEVER, SHARES MAY BE REDEEMED AS OF THE LAST DAY OF EACH MONTH ON FIFTEEN (15) CALENDAR DAYS' NOTICE TO THE FUND.

Any sale or transfer of a shareholder's entire interest in any Shares or any transfer of Shares by operation of law must be submitted to the Fund for consent and will not be effective until such consent is given by the Fund. Any other dealing with Shares by way of assignment, pledge, mortgage or otherwise is prohibited unless consented to by the Fund and any attempt to do so without first obtaining the consent of the Fund will constitute grounds for compulsory redemption of the Shares concerned. Such consent may only be withheld if the transfer would result in regulatory, pecuniary, legal, taxation or material administrative disadvantages for the Fund or its shareholders as a whole. Any application to record a transfer of Shares, including an application to record a transfer by operation of law, if not approved by the Fund within 30 days, also will be treated as an application to redeem the Shares in question as of the next permissible redemption date and will be subject to a processing charge per share of 2% of the Net Asset Value per Share. The processing charge will be retained by the Fund.

**THE DISPOSITION OF SHARES TO U.S. PERSONS (INCLUDING U.S.TAX-EXEMPT INVESTORS AS DEFINED UNDER "OFFERING OF THE SHARES") WITHOUT THE PRIOR WRITTEN APPROVAL OF THE FUND IS EXPRESSLY PROHIBITED, AND THE FUND SHALL HAVE THE RIGHT TO COMPULSORILY AND IMMEDIATELY REDEEM ANY SHARES HELD FOR ANY REASON BY U.S. PERSONS.**

#### **Redemptions at the Option of the Shareholders**

A shareholder may cause part or all of his Shares to be redeemed as of the last business day (i.e., any day not a Saturday or a Sunday, that is not a public holiday or a day on which banks are generally authorized or obliged by law or regulation to close in the Netherlands, the Republic of Ireland, Canada or the United States of America) of any month, provided that the Fund shall be in receipt of written notice of redemption for at least fifteen (15) calendar days prior to such redemption date. In the Fund's discretion, a shareholder requesting redemption of part of his Shares may be required to redeem all of his Shares unless such shareholder notifies the Fund to cancel the redemption.

#### **Compulsory Redemption**

The Fund reserves the right to make compulsory redemptions where the holding of Shares may result in regulatory, pecuniary, legal, taxation or material administrative disadvantages for the Fund or its shareholders as a whole. Except as set forth above, no processing charge will be imposed with respect to any Shares so compulsorily redeemed.

#### **Redemptions - General Information**

Redemptions will be at the Net Asset Value per Share, subject to any applicable processing charge, as described above. If notice of intent to voluntarily redeem is not received by the Fund within the prescribed period of time, then, in the Fund's discretion, the redemption date may be deferred to the end of the next following permissible redemption period, unless the shareholder notifies the Fund to cancel the redemption and the Directors consent to such cancellation. With respect to a total redemption of Shares, except in the case of extraordinary circumstances, such as an inability to liquidate existing positions, or the default or delay in payments due the Fund from brokers, banks or other persons, payment on redemptions will be made within 30 days after the redemption date. The Fund will not pay interest to the redeeming shareholders on any payment.

Partial redemptions will be paid in full within 30 days after the redemption date.

Shareholders bear the risk of any decline in Net Asset Value from the date notice of intent to redeem is given until the redemption date. In addition, the Fund may temporarily suspend any redemption during

any period that the Fund has suspended the calculation of its Net Asset Value (see "OFFERING OF THE SHARES- Net Asset Value Defined"). Requests for redemption can be made by use of the form included in the Subscription Documents which accompany this Memorandum.

### **Termination**

The shareholders may, by a majority vote, elect to wind up and dissolve the Fund at any time. If the Fund's Board of Directors determines that it would be in the best interests of the Fund to wind up and dissolve the Fund at any time, it will recommend to the shareholders that they vote to do so, and will submit a plan of dissolution for approval by the shareholders.

### **ANTI-MONEY LAUNDERING REGULATIONS**

As part of the Fund's or Administrator's responsibility for the prevention of money laundering, the Investment Manager and its affiliates, subsidiaries or associates may require a detailed verification of a shareholder's identity, any beneficial owner underlying the account and the source of the payment.

The Investment Manager reserves the right to request such information as is necessary to verify the identity of a subscriber and the underlying beneficial owner of a subscriber's or a shareholder's Shares in the Fund. In the event of delay or failure by the subscriber or shareholder to produce any information required for verification purposes, the Investment Manager may refuse to accept a subscription or may cause the redemption of any such shareholder from the Fund. The Fund, without notice, may suspend the redemption rights of such shareholder if the Fund or the Investment Manager reasonably deems it necessary to do so to comply with anti-money laundering regulations applicable to the Fund, the Investment Manager or any of the Fund's other service providers.

Each subscriber and shareholder shall be required to make such representations to the Fund as the Fund and the Investment Manager shall require in connection with such anti-money laundering programs, including without limitation, representations to the Fund that such subscriber or shareholder is not a prohibited country, territory, individual or entity listed on the U.S. Department of Treasury's Office of Foreign Assets Control ("OFAC") website and that it is not directly or indirectly affiliated with, any country, territory, individual or entity named on an OFAC list or prohibited by any OFAC sanctions programs. Such shareholder shall also represent to the Fund that amounts contributed by it to the Fund were not directly or indirectly the proceeds of criminal conduct or derived from activities that may contravene U.S. federal, state or international laws and regulations, including anti-money laundering laws and regulations.

### **ANTI-MONEY LAUNDERING POLICIES**

To ensure compliance with statutory and other generally accepted principles aimed at the prevention of money-laundering, the Fund and/or the Administrator may require a detailed verification of a prospective investor's identity. Although the Fund and/or the Administrator reserve the right to request a detailed verification of a prospective investor's identity, a detailed verification should not be necessary if:

- the prospective investor makes a subscription payment from an account held in their own name at a Qualified Financial Institution (a "QFI"); or
- the prospective investor is introduced by a QFI and that QFI provides written assurance to the Fund and/or the Administrator that it has established the identity of the prospective investor and holds evidence of that identity.

A QFI is defined as a financial institution which is:

- established in a European Union (EU) member state and subject to the EU Money Laundering Directives; or
- established in one of the countries which make up the Financial Action Task Force (“FATF”) and/or is subject to regulation which complies with the FATF Recommendations. Such countries are Argentina, Australia, Austria, Belgium, Brazil, Canada, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, Luxembourg, Mexico, the Netherlands, New Zealand, Norway, Portugal, Russian Federation, Singapore, South Africa, Spain, Sweden, Switzerland, Turkey, the United Kingdom, and the United States.

Subscription payments will not be accepted unless made from an account held in the name of the prospective investor. In addition, prospective investors who DO NOT make the subscription payment from an account held at a QFI and who are NOT introduced by a QFI will be required to provide the following documentation, as relevant to their status.

**Individual Investors** will be required to provide the following information:

- full name;
- permanent address;
- a certified copy of their passport or national identity card;
- a bank reference letter; and
- verification of address.

**Partnerships** will be required to provide the following information:

- a mandate from the partnership authorizing the subscription and conferring authority on those persons executing the subscription agreement; and
- the identities of at least two partners and of all those authorized to issue instructions.

**Corporate entities** that are quoted on a stock exchange in an EU member country or in one of the QFI prescribed countries or that are known to be the subsidiary of such a quoted company will be required to provide the following information:

- the original or certified copy of the certificate of incorporation or similar document;
- a list of the directors’ names, occupations, addresses and dates of birth; and
- properly authorized mandate of directors authorizing the subscription and conferring authority on those persons executing the subscription form.

Where the prospective investor to the transaction is a corporation that is a private company, the following additional information will need to be provided:

- certified passport copies or national identity card copies of at least two directors; and
- a list of names and addresses of shareholders holding 10% or more of the issued share capital of the company and in the case of individual shareholders, their occupations and dates of birth.

When a significant shareholder of a private company (25% or more) is a body corporate, information will need to be provided from the company regarding the ultimate beneficial ownership of that particular body corporate. If the ultimate beneficial owner(s) of that particular body corporate is (are) individual(s), such individual(s) will need to provide the information that is required from individual investors and outlined above.

Furthermore, subscriptions will be cross checked against lists held by various international agencies in order to establish that the persons or entities subscribing have not been blacklisted or wanted in connection with a criminal investigation. Such international agencies include the Bahamas Financial Intelligence Unit, the Central Bank of Ireland, the FBI, the Bank of England and the US Treasury Department's Office of Foreign Assets Control (OFAC). Other agencies will be consulted as and when appropriate.

Finally, it should be noted that redemption payments will only be paid to a bank account held in the name of the registered owner of the Shares and that any transferee will have to furnish the same information (and enter into a subscription agreement) which would be required in connection with a direct subscription in order for a transfer application to be considered by the Administrator.

Pending the provision of evidence satisfactory to the Administrator as to the identity of any prospective investor, the evidence of title in respect of Shares may be retained at the absolute discretion of the Administrator. If, within a reasonable period of time following a request for verification of identity, the Administrator has not received evidence satisfactory to it as aforesaid, it may, in its absolute discretion, refuse to allot the Shares applied for in which event application moneys will be returned without interest to the account from which such moneys were originally debited.

Financial institutions which have been duly qualified and authorized to exercise their activity in their respective countries as a bank and which are subject to internationally recognized anti money-laundering legislation may subscribe for Shares on behalf of their clients.

#### **TAX CONSIDERATIONS AND EXCHANGE CONTROL AND ERISA**

**CIRCULAR 230 NOTICE. THE FOLLOWING NOTICE IS BASED ON U.S. TREASURY REGULATIONS GOVERNING PRACTICE BEFORE THE U.S. INTERNAL REVENUE SERVICE: (1) ANY U.S. FEDERAL TAX ADVICE CONTAINED HEREIN, INCLUDING ANY OPINION OF COUNSEL REFERRED TO HEREIN, IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, BY ANY TAXPAYER FOR THE PURPOSE OF AVOIDING U.S. FEDERAL TAX PENALTIES THAT MAY BE IMPOSED ON THE TAXPAYER; (2) ANY SUCH ADVICE IS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTIONS DESCRIBED HEREIN (OR IN ANY SUCH OPINION OF COUNSEL); AND (3) EACH TAXPAYER SHOULD SEEK ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.**

THE DISCUSSION HEREIN IS FOR INFORMATIONAL PURPOSES ONLY AND IS A DISCUSSION PRIMARILY OF THE U.S. TAX CONSEQUENCES TO PROSPECTIVE

SHAREHOLDERS. EACH PROSPECTIVE SHAREHOLDER SHOULD CONSULT ITS PROFESSIONAL TAX ADVISER WITH RESPECT TO THE TAX ASPECTS OF AN INVESTMENT IN THE FUND. TAX CONSEQUENCES MAY VARY DEPENDING UPON THE PARTICULAR STATUS OF A PROSPECTIVE SHAREHOLDER. IN ADDITION, SPECIAL CONSIDERATIONS (NOT DISCUSSED HEREIN) MAY APPLY TO PERSONS WHO ARE NOT DIRECT SHAREHOLDERS IN THE FUND BUT WHO ARE DEEMED TO OWN SHARES AS A RESULT OF THE APPLICATION OF CERTAIN ATTRIBUTION RULES.

The Fund has not sought a ruling from the U.S. Internal Revenue Service (the "Service") or any other U.S. federal, state or local agency with respect to any of the tax issues affecting the Fund, nor has the Fund obtained an opinion of counsel with respect to any tax issues.

The following is a summary of certain potential U.S. federal tax consequences which may be relevant to prospective shareholders. The discussion contained herein is not a full description of the complex tax rules involved and is based upon existing laws, judicial decisions and administrative regulations, rulings and practices, all of which are subject to change, retroactively as well as prospectively. A decision to invest in the Fund should be based upon an evaluation of the merits of the trading program, and not upon any anticipated U.S. tax benefits.

**BASED ON THE STRUCTURE AND OPERATIONS OF THE FUND, THE FUND GENERALLY SHOULD NOT BE SUBJECT TO U.S. INCOME TAX, EXCEPT AS PROVIDED BELOW.**

#### U.S. Trade or Business

Section 864(b)(2) of the U.S. Internal Revenue Code of 1986, as amended (the "IRC"), provides a safe harbor (the "Safe Harbor") applicable to a non-U.S. corporation (other than a dealer in securities) that engages in the U.S. in trading securities (including contracts or options to buy or sell securities) for its own account pursuant to which such non-U.S. corporation will not be deemed to be engaged in a U.S. trade or business. The Safe Harbor also provides that a non-U.S. corporation (other than a dealer in commodities) that engages in the U.S. in trading commodities for its own account is not deemed to be engaged in a U.S. trade or business if "the commodities are of a kind customarily dealt in on an organized commodity exchange and if the transaction is of a kind customarily consummated at such place."

The Fund intends to conduct its business in a manner so as to meet the requirements of the Safe Harbor. Thus, the Fund's securities and commodities trading activities should not constitute a U.S. trade or business and, except in the case of certain U.S. real estate investments that the Fund does not intend to make, the Fund should not be subject to the regular U.S. income tax on any of its trading profits.

The Fund's gains from its investments in or trading in stocks, options or other investments should not be subject to United States federal income, branch or withholding taxes because the Fund expects that it will not be engaged (or treated as engaged) in a "trade or business" in the United States, or treated as a personal holding company, for United States federal income tax purposes. Any dividend income received by the Fund from U.S. corporations generally will be subject to United States federal withholding taxes. Although substantially all of the interest earned by the Fund from sources within the United States is expected to be of the type which will not be subject to United States federal income, branch or withholding taxes, the Fund may earn interest from time to time that could be subject to United States federal income, branch or withholding taxes (although it is not expected that the amount of such taxes would be material). In addition, with respect to Shares held by non-U.S. persons who are not engaged in a "trade or business" in the United States (as defined under the Code), such persons should not be subject to United States federal income, branch or withholding taxes (i) on dividends paid to them by the Fund and (ii) on the redemption of their Shares by the Fund. The Fund expects that it will not be subject to

state and local taxes in the United States on its income or capital. Because of the absence of full guidance under state and local law, however, this result is not entirely clear. The conclusions in this paragraph are based on the Code and existing laws, judicial decisions and administrative regulations, rulings and practice in the United States, all of which are subject to change.

#### U.S. Withholding Tax

In general, under Section 881 of the IRC, a non-U.S. corporation which does not conduct a U.S. trade or business is nonetheless subject to tax at a flat rate of 30% (or lower tax treaty rate) on the gross amount of certain U.S. source income which is not effectively connected with a U.S. trade or business, generally payable through withholding. Income subject to such a flat tax rate is of a fixed or determinable annual or periodic nature, including dividends and certain interest income. There is presently no tax treaty between the U.S. and the Cayman Islands.

Certain types of income are specifically exempted from the 30% tax and thus withholding is not required on payments of such income to a non-U.S. corporation. The 30% tax does not apply to U.S. source capital gains (whether long or short-term) or to interest paid to a non-U.S. corporation on its deposits with U.S. banks. The 30% tax also does not apply to interest which qualifies as portfolio interest. The term "portfolio interest" generally includes interest (including original issue discount) on an obligation in registered form which has been issued after July 18, 1984 and with respect to which the person who would otherwise be required to deduct and withhold the 30% tax receives the required statement that the beneficial owner of the obligation is not a U.S. person within the meaning of the IRC. Under certain circumstances, interest on bearer obligations may also be considered portfolio interest.

#### Redemption of Shares

Gain realized by shareholders who are not U.S. persons within the meaning of the IRC ("non-U.S. shareholders") upon the sale, exchange or redemption of Shares held as a capital asset should generally not be subject to U.S. federal income tax provided that the gain is not effectively connected with the conduct of a trade or business in the U.S. However, in the case of nonresident alien individuals, such gain will be subject to the 30% (or lower tax treaty rate) U.S. tax if (i) such person is present in the U.S. for 183 days or more during the taxable year (on a calendar year basis unless the nonresident alien individual has previously established a different taxable year) and (ii) such gain is derived from U.S. sources.

Generally, the source of gain upon the sale, exchange or redemption of Shares is determined by the place of residence of the shareholder. For purposes of determining the source of gain, the IRC defines residency in a manner that may result in an individual who is otherwise a nonresident alien with respect to the U.S. being treated as a U.S. resident only for purposes of determining the source of income. Each potential individual shareholder who anticipates being present in the U.S. for 183 days or more (in any taxable year) should consult his tax adviser with respect to the possible application of this rule.

Gain realized by a non-U.S. shareholder engaged in the conduct of a U.S. trade or business will be subject to U.S. federal income tax upon the sale, exchange or redemption of Shares if such gain is effectively connected with its U.S. trade or business.

Non-U.S. shareholders may be required to make certain certifications to the Fund as to the beneficial ownership of the Shares and the non-U.S. status of such beneficial owner, in order to be exempt from U.S. information reporting and backup withholding on a redemption of Shares.

### Tax-Exempt U.S. Persons

The term "Tax-Exempt U.S. Person" means a U.S. person within the meaning of the IRC that is exempt from payment of U.S. federal income tax. Generally, a Tax-Exempt U.S. Person is exempt from federal income tax on certain categories of income, such as dividends, interest, capital gains and similar income realized from securities investment or trading activity. This type of income is exempt even if it is realized from securities trading activity which constitutes a trade or business. This general exemption from tax does not apply to the "unrelated business taxable income" ("UBTI") of a Tax-Exempt U.S. Person. Generally, except as noted above with respect to certain categories of exempt trading activity, UBTI includes income or gain derived from a trade or business, the conduct of which is substantially unrelated to the exercise or performance of the Tax-Exempt U.S. Person's exempt purpose or function. UBTI also includes (i) income derived by a Tax-Exempt U.S. Person from debt-financed property and (ii) gains derived by a Tax-Exempt U.S. Person from the disposition of debt-financed property.

In 1996, Congress considered whether, under certain circumstances, income derived from the ownership of the shares of a non-U.S. corporation should be treated as UBTI to the extent that it would be so treated if earned directly by the shareholder. Subject to a narrow exception for certain insurance company income, Congress declined to amend the IRC to require such treatment. Accordingly, based on the principles of that legislation, a Tax-Exempt U.S. Person investing in a non-U.S. corporation such as the Fund should not realize UBTI with respect to an unleveraged investment in Shares. Tax-Exempt U.S. Persons are urged to consult their own tax advisors concerning the U.S. tax consequences of an investment in the Fund.

There are special considerations which should be taken into account by certain beneficiaries of charitable remainder trusts that invest in the Fund. Charitable remainder trusts should consult their own tax advisors concerning the tax consequences of such an investment on their beneficiaries.

### Reporting Requirements for U.S. Persons

Any U.S. person within the meaning of the IRC owning 10% or more (taking certain attribution rules into account) of either the total combined voting power or total value of all classes of the shares of a non-U.S. corporation such as the Fund will likely be required to file an information return with the Service containing certain disclosure concerning the filing shareholder, other shareholders and the corporation. The Fund has not committed to provide all of the information about the Fund or its shareholders needed to complete the return. In addition, a U.S. person within the meaning of the IRC that transfers cash to a non-U.S. corporation will likely be required to report the transfer to the Service if (i) immediately after the transfer, such person holds (directly, indirectly or by attribution) at least 10% of the total voting power or total value of such corporation or (ii) the amount of cash transferred by such person (or any related person) to such corporation during the twelve-month period ending on the date of the transfer exceeds \$100,000.

Furthermore, certain U.S. persons within the meaning of the IRC will have to file Form 8886 ("Reportable Transaction Disclosure Statement") with their U.S. tax return, and submit a copy of Form 8886 with the Office of Tax Shelter Analysis of the Service if the Fund engages in certain "reportable transactions" within the meaning of recently issued U.S. Treasury Regulations. Shareholders required to file this report include a U.S. person within the meaning of the IRC if the Fund is treated as a "controlled foreign corporation" and such U.S. person owns a 10% voting interest. In certain situations, there may also be a requirement that a list be maintained of persons participating in such reportable transactions, which could be made available to the Service at its request. Moreover, if a U.S. person within the meaning of the IRC recognizes a loss upon a disposition of Shares, such loss could constitute a

"reportable transaction" for such shareholder, and such shareholder would be required to file Form 8886. Under new legislation, a significant penalty is imposed on taxpayers who fail to make the required disclosure. The penalty is generally \$10,000 for natural persons and \$50,000 for other persons (increased to \$100,000 and \$200,000, respectively, if the reportable transaction is a "listed" transaction). Shareholders who are U.S. persons within the meaning of the IRC (including Tax-Exempt U.S. Persons) are urged to consult their own tax advisors concerning the application of these reporting obligations to their specific situations and the new penalty discussed above.

#### Estate and Gift Taxes

Individual holders of Shares who are neither present or former U.S. citizens nor U.S. residents (as determined for U.S. estate and gift tax purposes) are not subject to U.S. estate and gift taxes with respect to their ownership of such Shares.

#### **BVI Tax Considerations and Exchange Control**

As of the date of this Memorandum, the Fund is exempt from all provisions of the Income Tax Act of the BVI, including with respect to all dividends, interests, rents, royalties, compensation and other amounts payable by the Fund to persons who are not persons resident in the BVI. Capital gains realized with respect to any shares, debt obligation or other securities of the Fund by persons who are not persons resident in the BVI are also exempt from the provisions of the Income Tax Act of the BVI. No estate, inheritance, succession or gift tax, rate, duty, levy or other charge is payable by persons who are not persons resident in the BVI with respect to any shares, debt obligations or other securities of the Fund.

There are no exchange control restrictions in the BVI. Accordingly, the Fund will be free to acquire, to hold and to sell any foreign currency and securities without restriction.

#### **ERISA**

The Fund may accept subscriptions from individual retirement accounts ("IRAs"), Keogh plans, pension or profit-sharing plans, governmental plans, entities that invest the assets of such accounts or plans and/or other benefit plan investors (all such entities are herein referred to as "Benefit Plan Investors"). The Fund does not anticipate that its assets will be subject to ERISA because it intends to limit the investments in the Fund by Benefit Plan Investors (both U.S. and non-U.S.) to less than 25% of the value of any class of equity interests of the Fund, excluding from this calculation any non-Benefit Plan Investor interest of that class held by the Investment Manager, persons affiliated with the Investment Manager or their employees. No subscriptions for Shares made by Benefit Plan Investors will be accepted and no transfers of Shares will be permitted to the extent that the investment or transfer would result in the Fund exceeding this 25% limit. In addition, because the 25% limit is to be calculated upon every subscription to or redemption from the Fund, the Fund has the authority to require the redemption of all or some of the Shares held by any Benefit Plan Investor if the continued holding of such Shares, in the opinion of the Directors, could result in the Fund being subject to ERISA.

#### **PROXY VOTING POLICY**

The Fund invests a portion of its assets in equity securities offered by publicly traded entities. From time to time, such entities may ask their investors to vote their interests in the entities with regard to

corporate governance and other matters. The Investment Manager, as the investment manager of the Fund has authority to vote such proxies and other securities on behalf of the Fund and may delegate such authority to custodians or sub-custodians of its assets. In addition, the managers of the Non-SSC Investments will vote proxies relating to those investments.

The Fund and the Investment Manager have developed a proxy voting policy which they believe ensures that the Investment Manager votes proxy proposals, amendments, consents or resolutions relating to the Fund's securities (collectively, "proxies") in a manner that best serves the interests of the Fund. They have reviewed the proxy voting policies of the custodians, sub-custodians and Non-SSC Investments managers. The following factors are elements of the proxy voting policies of each of the foregoing:

- the impact on short-term and long-term value;
- the preservation and increase in capital of the Fund;
- the costs and benefits associated with the proposal;
- the effect on the liquidity of the Fund; and
- the customary industry and business practices.

With respect to proxies, the Investment Manager will:

- maintain accurate records as to voting proxies;
- with the Fund, periodically review voting procedures employed and actions taken on individual voting situations;
- have procedures in place for reconciling proxies;
- take reasonable steps to ensure that proxies for which it is responsible are received and, where appropriate, voted; and
- comply with all current applicable proxy laws, rules and regulations.

## LEGAL MATTERS

Legal matters in connection with this offering have been passed upon for the Fund in the United States by Andrew E. Goldstein, Esq., 488 Madison Avenue, 16th Floor, New York, New York 10022. Matters with respect to the laws of the British Virgin Islands have been passed upon by Conyers Dill & Pearman, Romasco Place, Wickhams Cay 1, P.O. Box 3140, Road Town, Tortola, British Virgin Islands.

## MISCELLANEOUS

### Reports and Financial Statements

The Fund's fiscal year will end on December 31, except that the Fund's final fiscal year will terminate on the date the Fund commences to wind up and dissolve. The Fund will keep its books on an accrual basis. Audited financial statements of the Fund will be mailed to shareholders at their registered addresses and the Irish Stock Exchange, normally within 120 days after year-end. At the same time, each shareholder shall be furnished with an annual report of the Fund, which will include the Net Asset Value of the Fund and the Net Asset Value per Share at the end of the year, and such other information as the Fund, in its discretion, determines to be necessary or appropriate. Shareholders also will receive an unaudited interim report with respect to the Fund's financial performance within four months from the end of June of each year.

#### 1) General

- a) No Share or loan capital of the Fund is under option or agreed, conditionally or unconditionally, to be put under option.
- b) Shares in the Fund are in registered form. Temporary documents of title will not be issued.
- c) Except for their ownership of Shares, none of the Directors or any connected person has any interest in the Shares or loan capital of the Fund, the existence of which is known to, or could with reasonable diligence be ascertained by, the relevant Director.
- d) None of the Directors has a service contract with the Fund and no such contract is proposed, although, Walter M. Noel, Jr. is a principal of FGL, an affiliate of the Investment Manager.
- e) No loan or guarantee has been granted or provided by the Fund to or for the benefit of any Director.
- f) None of the Directors or any member of their respective immediate families has or has had any interest in any transaction or transactions which are or were unusual in their nature or conditions or significant in the business of the Fund and which have been effected by the Fund since its incorporation.
- g) As of the date of this Memorandum, the Fund has commenced operations, but no dividends have been declared.
- h) The Fund has no loan capital outstanding, no loan capital created but unissued, no loans or any other borrowing or indebtedness or any contingent liabilities, nor has it given any guarantees.

**2) Litigation and Arbitration**

The Fund is not engaged in any legal or arbitration proceedings and no legal or arbitration proceedings are known to the Directors to be threatened by or against the Fund.

**3) Memorandum and Articles of Association**

Pursuant to Paragraph 4 of the Fund's Memorandum of Association, the Fund may engage in any act or activity that is not prohibited under any law for the time being in force in the BVI. As such, the Fund may carry on business as an investment company. The Fund's Memorandum and Articles of Association may be amended by a resolution of Directors or a resolution of shareholders.

The Memorandum and Articles of Association of the Fund provide that no director or officer of the Fund shall be liable for the acts, receipts, neglects or defaults of any other director or officer, or for joining in any receipt or act for conformity, or for any loss or expense happening to the Fund through the insufficiency or deficiency of title to any property acquired by order of the directors for or on behalf of the Fund, or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Fund shall be invested, or for any loss or damage arising from the bankruptcy, insolvency, or tortious act of any person with whom any moneys, securities or effects shall be deposited, or for any loss occasioned by any error of judgment, omission, default, or oversight on his part, or for any other loss, damage, or misfortune whatever which shall happen in relation to the execution of the duties of his office or in relation thereto, to the extent permitted by law.

The Memorandum and Articles of Association of the Fund further provide that each director or officer of the Fund shall be indemnified by the Fund against, and it shall be the duty of the directors

out of the funds of the Fund to pay, all costs, losses, and expenses which any director or officer may incur or become liable for by reason of any contract entered into, or act or thing done by him as such director or officer, or in any way in the discharge of his duties, and the amount for which such indemnity is provided shall immediately attach as a lien on the property of the Fund, and have priority as between the shareholders over all other claims but only if such director or officer acted honestly and in good faith with a view to the best interests of the Fund and, in the case of criminal proceedings, the person had no reasonable cause to believe that his conduct was unlawful.

**4) Directors**

- a) The number of Directors shall not be less than one (1) or more than twenty (20).
- b) The remuneration of Directors shall be fixed from time to time by the Board. Currently the Director who is affiliated with the Investment Manager does not receive compensation as a Director. The two Directors not affiliated with the Investment Manager are each paid \$25,000 per annum.
- c) None of the Directors has a service contract, existing or proposed with the Fund, although Walter M. Noel, Jr. is a principal of FGL, an affiliate of the Investment Manager.
- d) There is no retirement age for Directors.
- e) The Directors may vote on any transaction in which they have a material interest if they first disclose the nature of their interest to the Fund.
- f) The Directors may, by resolution of Directors, fix the emoluments of the Directors with respect to services to be rendered in any capacity to the Fund.
- g) The Directors may exercise the powers of the Fund to borrow money and to mortgage or charge its undertakings, property and uncalled capital or any part thereof, to issue debentures, debenture stock and offer securities whenever money is borrowed as security for any debt, liability or obligation of the Fund.
- h) No Director has
  - any unspent convictions in relation to indictable offenses;
  - been adjudged a bankrupt, entered into a voluntary arrangement with creditors or had a receiver appointed to oversee any asset of such Director;
  - been the director of any company which, while he was a director with an executive function or after 12 months after he ceased to be director with an executive function, had a receiver appointed or went into compulsory liquidation, creditors voluntary liquidation, administration or company voluntary arrangements, or made a composition or arrangements with its creditors generally or with any class of its creditors;
  - been a partner of any partnership which, while he was partner or within 12 months after he ceased to be a partner, went into compulsory liquidation, administration or partnership voluntary arrangement or had a receiver appointed to oversee any partnership asset;

- had any public criticism by statutory or regulatory authorities (including recognized professional bodies); or
- been disqualified by a court from acting as a director or from acting in the management or affairs of any company.

**5) Borrowing Powers**

The Board may exercise all the powers of the Fund to borrow money, give guarantees and to mortgage, pledge or charge all or part of its undertaking, property and uncalled capital and to issue debentures and other securities, whether outright or as collateral security for any liability or obligation of the Fund.

**Documents Available for Inspection**

Copies of the following documents will be available for inspection at the offices of the Fund's registered office in the British Virgin Islands and the offices of the sponsoring broker during usual business hours on any weekday (Saturdays, Sundays and holidays excepted):

- a) the Memorandum and Articles of Association of the Fund;
- b) the material contracts of the Fund with the Investment Manager, the Administrator, Registrar and Transfer Agent;
- c) the British Virgin Islands Mutual Funds Act, 1996;
- d) when available, the latest financial statements of the Fund;
- e) audited accounts as of the close of the last immediately fiscal year;
- f) Auditors letter of consent; and
- g) a list of all past and present directorships and partnerships held by each Director over the past five years.

### COUNTRY-SPECIFIC NOTICES

Australia. No offer for subscription or purchase of the Shares offered hereby, nor any invitation to subscribe for or buy such Shares, has been made or issued in Australia, otherwise than by means of an excluded issue, excluded offer or excluded invitation within the meaning of Section 66(2) or 66(3) of the Corporations Law. Accordingly, the Memorandum has not been lodged with the Australian Securities Commission. Further, the Shares offered hereby may not be resold in Australia within a period of six (6) months after the date of issue otherwise than by means of an excluded offer or excluded invitation as described above.

Bahamas. The Shares may not be offered or sold or otherwise disposed of in any manner to persons deemed by the Central Bank of the Bahamas as resident for exchange control purposes, unless such persons deemed as resident obtain the prior approval of the Central Bank of the Bahamas.

Belgium. The information in this Memorandum may not be disclosed to the public in Belgium, the Shares may not be offered, sold, transferred or delivered in or from Belgium as part of their initial distribution or at any time thereafter, directly or indirectly, other than to persons or entities mentioned in Article 3 of the Royal Decree of January 9, 1991 Relating to the Public Characteristic of Operations Calling for Savings and on the Assimilation of Certain Operations to a Public Offer (Belgian Official Journal of January 12, 1991). Therefore, the Shares are exclusively designed for credit institutions, stock exchange companies, collective investment funds, companies or institutions, insurance companies, and/or pension funds acting for their own account only.

Brazil. The Shares have not been, and will not be, registered with the Comissao de Valores Mobiliarios and may not be offered or sold in Brazil except in circumstances which do not constitute a public offering or distribution under Brazilian laws and regulations.

British Columbia and Ontario, Canada. The Memorandum constitutes an offering of the securities described therein only in those jurisdictions and to those persons where and to whom they may be lawfully offered for sale, and therein only by persons permitted to sell such securities. The Memorandum is not, and under no circumstances is to be construed as, an advertisement or a public offering of the securities described therein in Canada. No securities commission or similar authority in Canada has reviewed or in any way passed upon the Memorandum or the merits of the securities described therein, and any representation to the contrary is an offense. If the Memorandum, together with any amendment thereto, contains an untrue statement of a material fact or omits to state a material fact that is required to be stated or is necessary in order to make any statement therein not misleading in the light of the circumstances in which it was made (a "Misrepresentation") and it was a Misrepresentation on the date of purchase, purchasers in British Columbia and Ontario to whom the Memorandum was sent or delivered and who purchase Shares shall have a right of action against the Fund for rescission (while still the owner of such shares) or alternatively, for damages, exercisable on written notice given not more than 90 days subsequent to the date of purchase, provided that the Fund will not be liable: (a) if the purchaser purchased such Shares with knowledge of the Misrepresentation; (b) for all or any portion of any damages that the Fund proves do not represent the depreciation in value of such Shares as a result of the Misrepresentation; and (c) for amounts in excess of the price at which such Shares were sold to the purchaser. The foregoing summary is subject to the express provisions of either the Securities Act (British Columbia) or the Securities Act (Ontario), whichever the case may be, and reference is made to the complete text of such provisions.

British Virgin Islands. The Shares offered hereby may not be sold to or purchased by persons resident in the British Virgin Islands, but may be sold to British Virgin Islands international business companies.

Cayman Islands. No invitation may be made to the public in the Cayman Islands to subscribe for the Shares unless the Fund is listed on the Cayman Islands stock exchange. Cayman Islands exempted and ordinary non-resident companies and certain other persons engaged in offshore business, however, may be permitted to acquire Shares.

Chile. The Shares have not been, and will not be, registered with the Superintendencia de Valores y Seguros (the Chilean Securities Commission) and may not be offered and sold in Chile except in circumstances which do not constitute a public offering or distribution under Chilean laws and regulations.

Republic of China. No invitation to offer for, or sale of, the Shares shall be made to the public in China or by any means that would be deemed public under the laws of China. The offer of Shares is personal to the investor to whom the Memorandum has been addressed by the Fund. Business entities incorporated under the laws of China (excluding foreign investment business entities) shall apply for approval from the Chinese government authorities before purchasing the Shares. Furthermore, all business entities incorporated under the laws of China and Chinese citizens residing in China shall obtain prior approval from the Chinese Foreign Exchange Authority before purchasing Shares.

Costa Rica. The Shares have not been, and will not be, registered with the Comision Nacional de Valores (the Costa Rican Securities Commission) and may not be offered or sold in Costa Rica except in circumstances which do not constitute a public offering or distribution under Costa Rican laws and regulations.

Ecuador. The Shares have not been, and will not be, registered with the Superintendencia de Companias del Ecuador (the Ecuadorian Securities and Exchange Commission) and may not be offered and sold in Ecuador except in circumstances which do not constitute a public offering or distribution under Ecuadorian laws and regulations. This communication is for informative purposes only; it does not constitute a public offering of any kind.

France. "Cette note d'information n'a pas été soumise au visa de la Commission des Opérations de Bourse. Par conséquent, ni cette note d'information, ni tout autre document promotionnel se rapportant aux intérêts ne pourront être communiqués au public ou utilisés dans la cadre de toute offre de souscription ou de vente des intérêts en France et les intérêts ne peuvent être émis, offerts ou cédés de toute façon en France. Les investisseurs doivent agir pour leur propre compte. Le vente, directe ou indirecte, au public des instruments financiers acquis sera faite conformément aux dispositions les concernant." This Memorandum has not been submitted to the Commission des Operations de Bourse in France. Accordingly, neither this Memorandum nor any other offering materials relating to the Shares may be available to the public or used in connection with any other offer for subscription or sale of the Shares in France, and the Shares may not be issued, offered or otherwise sold in France, investors should act for their own account. The sale, direct or indirect, in the public of the purchased financial instruments will be made in compliance with all requirements in relation thereto.

Germany. Any person who is in possession of the Memorandum understands that no action has or will be taken which would allow an offering of the Shares to the public in Germany. Accordingly, the Shares may not be offered, sold or delivered and neither the Memorandum nor any other offering materials relating to the Shares may be distributed or made available to the public in Germany. Individual

sales of the Shares to any person in Germany may only be made according to German securities, tax and other applicable laws and regulations.

Greece. The Shares may not be offered or sold in any manner that constitutes an offer or sale to the public in the Hellenic Republic within the laws and regulations from time to time applicable to public offers or sales of securities.

Hong Kong. No action has been taken to permit an offering of the Shares to the public in Hong Kong and, accordingly, no copy of this Memorandum may be issued, circulated or distributed in Hong Kong other than (i) exclusively to persons whose business involves the acquisition, disposal or holding of securities, whether as principal or agent, or (ii) otherwise in circumstances that do not constitute an invitation to the public for the purpose of the Protection of Investors Ordinance (Chapter 335 of the Laws of Hong Kong).

Ireland. It is not the intention of the Fund to advertise or market the Shares in Ireland, and no such marketing will take place without the prior approval in writing of the Central Bank of Ireland.

Isle of Man. The Fund is not a recognized collective investment scheme for the purposes of Sections 12 or 13 of the Financial Services Act 1988 (the "FS Act") of the Isle of Man and is accordingly subject to the prohibition on the promotion of collective investment schemes as contained in Section 1(1) of the FS Act. Accordingly, the Memorandum may only be issued or passed on to any person in the Isle of Man by way of the two limited exceptions to this general prohibition contained in Section 1(2) of the FS Act and the Financial Supervision (Promotion of Unregulated Schemes (Exemption)) FS Regulations 1992 (the "Exemption Regulations"). Under Regulation 3(2) of the Exemption Regulations, any advertisement issued in the Isle of Man in connection with the Fund must contain a statement either (a) that participants in the Fund are not protected by any statutory compensation scheme; or (b) that participants in the Fund are protected by a statutory compensation scheme and particulars sufficient to identify the compensation arrangements.

Israel. The Shares are offered to a limited number of sophisticated investors, in all cases under circumstances designed to preclude a distribution which would be other than a private placement. The Memorandum may not be reproduced or used for any other purpose, nor be furnished to any other person other than those to whom copies have been sent. Israeli residents, other than those considered "exemption holders" under the General Currency Control Permit, 1978, require a special permit from the Israeli Controller of Foreign Currency in order to purchase the Shares.

Italy. This Memorandum may not be distributed to members of the public in Italy. The Italian Commission Nazionale per la Societa e la Borsa has not authorized any offering of the subscription of Shares in the Fund; accordingly, Shares may not be offered or sold in Italy or to residents thereof except as permitted by Italian law. With respect to any potential purchaser or transaction subject to Italian law, this Memorandum is for the sole use of the person who has requested it and whose name appears on the cover page hereof (the "Prospective Buyer") and may not be disclosed, in whole or in part, to any person other than the Prospective Buyer and the Prospective Buyer's authorized agents. This Memorandum may not be copied in whole or in part. The Prospective Buyer, by accepting delivery of the Memorandum, agrees to return it to the Fund if such Prospective Buyer does not undertake to purchase the securities offered hereby.

Japan. Under Article 23-14 Paragraph 1 of the Securities Exchange Law (the "SEL"), the purchase of Shares cannot be made unless the purchaser agrees to the condition that it will not make an assignment of the Shares to any person other than a non-resident of Japan (having the same meanings as defined in Article 6, Paragraph 1(6) of the Foreign Exchange and Foreign Trade Control Laws), except

for the case that all the Shares (excluding the Shares assigned to non-residents of Japan) are assigned to one person. Furthermore, disclosure under the SEL has not been made. The Shares will not be registered under the SEL. The offer and sale of the Shares in Japan may be made only in accordance with an exemption available under the SEL and with all other applicable laws and regulations of Japan.

Jersey. The Memorandum relates to a private placement and does not constitute an offer to the public in Jersey to subscribe for the Shares offered hereby. No regulatory approval has been sought for the offer in Jersey. The offer of the Shares is personal to the person to whom the Memorandum is being delivered by or on behalf of the Fund, and a subscription for the Shares will be accepted only from such person. The Memorandum may not be produced or used for any other purpose, nor be furnished to any other person other than those to whom it has been so delivered.

Korea. The Memorandum is not, and under no circumstance is to be construed as, a public offering of securities in Korea. Neither the Fund nor the investment manager is making any representation with respect to the eligibility of any recipients of the Memorandum to acquire the Shares under the laws of Korea, including without limitation the Foreign Exchange Management Act and regulations thereunder. The Shares have not been registered under the Securities and Exchange Act of Korea and none of the Shares may be offered, sold or delivered, or offered or sold to any person for re-offering or resale, in Korea or to any resident of Korea except pursuant to applicable laws and regulations of Korea.

Liechtenstein. The Shares are offered to a narrowly defined category of investors, in all cases under circumstances designed to preclude a public solicitation. The Memorandum may not be reproduced or used for any other purpose, nor be furnished to any other person other than those to whom copies have been sent.

Luxembourg. The Shares are offered to a limited number of sophisticated investors, in all cases under circumstances designed to preclude a distribution that would be other than a private placement. The Memorandum may not be reproduced or used for any other purpose, nor be furnished to any other person other than those to whom copies have been sent.

Netherlands. The Shares may not be solicited, acquired or offered, directly or indirectly, in or from the Netherlands, and this Memorandum may not be circulated in the Netherlands to any individuals or legal entities as part of the initial distribution or anytime thereafter, except to individuals or legal entities who or which trade or invest in subjects of investment ("Beleggingsobjecten") in the conduct of a profession or trade, including banks, brokers, securities institutions, insurance companies, pension funds, investment institutions, other institutional investors and other parties, including treasury departments of commercial enterprises and finance companies which are regularly active in the financial markets in a professional manner (a "Professional Market Party" and/or "Professional Market Parties") investing in subjects of investment as described in Article 1 of the Exemption Regulation of October 9, 1990 issued pursuant to Article 14 of the Investment Institutions Supervision Act (Wet Toezicht Beleggingsinstellingen) of June 27, 1990, as amended from time to time (the "Investment Institutions Act"), and the respective accompanying Memoranda thereto of the Minister of Finance of the Netherlands. In the event of a solicitation, acquisition or offering made to or by Professional Market Parties and therefore exempt from the general prohibition as provided for in the Investments Institutions Act, no subsequent offering of the Shares in a "secondary offering" by such Professional Market Parties to persons other than such Professional Market Parties may be made.

New Zealand. The Memorandum has been prepared solely for and the offer made in it is made solely to habitual investors (being persons defined in Section 3(2)(a)(ii) of the New Zealand Securities Act 1978).

Norway. The Memorandum has not been filed with the Oslo Stock Exchange in accordance with the Norwegian Securities Trading Act, Section 5-1, and may therefore not be distributed to more than fifty potential investors in Norway.

Oman. The Memorandum and the Shares are not available to any member of the public and are restricted to investors having an existing business relationship with the Fund. Application for the Shares made by or on behalf of investors not having an existing relationship with the investment manager will not be accepted. Any investor that considers purchasing the Shares offered by the Memorandum should consult a professional adviser before doing so.

Panama. The Shares have not and will not be registered with the Comision Nacional de Valores (the National Securities Commission) of the Republic of Panama under Cabinet Decree No. 247 of 1970 ("Panama's Securities Laws") and may not be offered or sold in a primary offering within Panama, except in certain transactions exempt from the registration requirements of Panama's Securities Laws.

Russia. The Shares are not intended to be sold or offered in (or on the territory of) the Russian Federation or to Russian residents and the Memorandum has not been registered with, and will not be registered with, the Federal Securities Markets Commission of the Russian Federation.

Singapore. The Memorandum has not been registered with the Registrar of Companies in Singapore and the Shares will be offered in Singapore pursuant to an exemption invoked under Sections 106c and 106d of the Companies Act, Chapter 50 of Singapore ("Singapore Act"). Accordingly, the Shares may not be offered or sold, nor may the Memorandum or any other offering document or material relating to the Shares be circulated or distributed, directly or indirectly, to the public or any member of the public other than (1) to an institutional investor or other body or person specified in Section 106c of the Singapore Act, or (2) to a sophisticated investor specified in Section 106d of the Singapore Act, or (3) otherwise pursuant to, and in accordance with the conditions of, Section 106e(2) of the Singapore Act or any other applicable exemption invoked under Division 5a of Part IV of the Singapore Act.

South Africa. The Shares are for your acceptance only and may not be offered or become available to persons other than yourself and may not be publicly offered, sold or advertised in South Africa and the Memorandum may only be circulated to selected individuals.

Spain. This Memorandum has not been and will not be registered with la Comision Nacional del Mercado de Valores of Spain and may not be distributed in Spain in connection with the offering and sale of participations without complying with all legal and regulatory requirements in relation thereto.

Switzerland. This Memorandum has been prepared for private information purposes of interested investors only. It may not be used for and shall not be deemed a public offering of Shares. No application has been made under Swiss law to publicly market the Fund in or out of Switzerland. The Shares are not subject to the Swiss Investment Fund Act and are therefore not subject to supervision by the Federal Banking Commission and, accordingly, may not be advertised publicly. Therefore, no public offer of the Shares or public distribution of this Memorandum may be made in or out of Switzerland. This Memorandum is strictly for private use by its holders and may not be passed on to third parties.

United Kingdom. The Fund is an unrecognized collective investment scheme for the purposes of the Financial Services and Markets Act 2000 of the United Kingdom (the "Act"). The promotion of the

Fund and the distribution of this Memorandum in the United Kingdom is consequently restricted by law.

This Memorandum is being issued by the Fund where permitted by applicable law to persons who are of a kind to whom the Fund may lawfully be promoted by a person authorized under the Act by virtue of the Financial Services and Markets Act 2000 (Promotion of Collective Investment Schemes (Exemptions) Order 2001 and Annex 5 to Chapter 3 of the FSA's Conduct of Business Sourcebook or as otherwise permitted by applicable law and regulation.

The Fund is not regulated by the FSA and investors will not have the benefit of the Financial Services Compensation Scheme and may not have the benefit of other protections afforded by the Act or any of the rules and regulations made thereunder.

The Shares are not dealt in on a recognized or designated investment exchange for the purposes of the Act, and it may therefore be difficult for an investor to dispose of his Shares otherwise than by way of redemption or to obtain reliable information about the extent of the risks to which his investment is exposed.

Acquiring Shares may expose an investor to a significant risk of losing all of the amount invested. The Fund is a limited liability company and any person who acquires Shares will not thereby be exposed to any significant risk of incurring additional liability. Any person who is in any doubt about investing in the Fund should consult an authorized person specializing in advising on such investments.

Uruguay. The Shares correspond to a private issue and are not registered with the Central Bank of Uruguay.

**APPENDIX A**  
**FORM ADV PART II**

FORM ADV

Pg 51 of 62

OMB APPROVAL	
OMB Number	3235-0049
Expires:	July 31 2008
Estimated average burden hours per response:	9.402

**Uniform Application For Investment Adviser Registration**

**Part II - Page 1**

<b>Name of Investment Adviser:</b>	
<b>Fairfield Greenwich (Bermuda) Ltd.</b>	
<b>Address:</b> (Number and Street) (City) (State) (Zip Code)	<b>Telephone Number:</b>
<b>Principal Office:</b> 131 Front Street, 1 <sup>st</sup> Floor, Hamilton, Bermuda HM 11	<b>(441) 292-5401</b>
<b>Mailing Address:</b> 12 Church Street, Suite 606, Hamilton, Bermuda HM 11	

**This part of Form ADV gives information about the investment adviser and its business for the use of clients. The information has not been approved or verified by any governmental authority.**

**Table of Contents**

<u>Item Number</u>	<u>Item</u>	<u>Page</u>
1	Advisory Services and Fees .....	2
2	Types of Clients.....	2
3.	Types of Investments .....	3
4.	Methods of Analysis, Sources of Information and Investment Strategies.....	3
5.	Education and Business Standards.....	4
6.	Education and Business Background.....	4
7.	Other Business Activities .....	4
8.	Other Financial Industry Activities of Affiliations.....	4
9.	Participation or Interest in Client Transactions .....	5
10.	Conditions for Managing Accounts .....	5
11.	Review of Accounts .....	5
12.	Investment or Brokerage Discretion.....	6
13.	Additional Compensation.....	6
14.	Balance Sheet .....	6
	Continuation Sheet .....	Schedule F
	Balance Sheet, if required .....	Schedule G

(Schedules A, B, C, D and E are included with Part I of this Form, for the use of regulatory bodies, and are not distributed to clients.)

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

1. A. Advisory Services and Fees. (check the applicable boxes)

For each type of service provided, state the approximate % of total advisory billings from that service. (See instruction below.)

Applicant:

- (1) Provides investment supervisory services ..... **100** %
- (2) Manages investment advisory accounts not involving investment supervisory services ..... \_\_\_\_\_ %
- (3) Furnishes investment advice through consultations not included in either service described above ..... \_\_\_\_\_ %
- (4) Issues periodicals about securities by subscription ..... \_\_\_\_\_ %
- (5) Issues special reports about securities not included in any service described above ..... \_\_\_\_\_ %
- (6) Issues, not as part of any service described above, any charts, graphs, formulas, or other devices which clients may use to evaluate securities ..... \_\_\_\_\_ %
- (7) On more than an occasional basis, furnishes advice to clients on matters not involving securities ..... \_\_\_\_\_ %
- (8) Provides a timing service ..... \_\_\_\_\_ %
- (9) Furnishes advice about securities in any manner not described above ..... \_\_\_\_\_ %

(Percentages should be based on applicant's last fiscal year. If applicant has not completed its first fiscal year, provide estimates of advisory billings for that year and state that the percentages are estimates.)

B. Does applicant call any of the services it checked above financial planning or some similar term?

Yes  No

C. Applicant offers investment advisory services for: (check all that apply)

- (1) A percentage of assets under management  (4) Subscription fees
- (2) Hourly charges  (5) Commissions
- (3) Fixed fees (not including subscription fees)  (6) Other

D. For each checked box in A above, describe on Schedule F:

- the services provided, including the name of any publication or report issued by the adviser on a subscription basis or for a fee
- applicant's basic fee schedule, how fees are charged and whether its fees are negotiable
- when compensation is payable, and if compensation is payable before service is provided, how a client may get a refund or may terminate an investment advisory contract before its expiration date

2. Types of Clients. Applicant generally provides investment advice to: (check those that apply)

- A. Individuals  E. Trusts, estates, or charitable organizations
- B. Banks or thrift institutions  F. Corporations or business entities other than those listed above
- C. Investment companies  G. Other (Describe on Schedule F)
- D. Pension and profit sharing plans

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

Part II - Page 3

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

**3. Types of Investments.** Applicant offers advice on the following: (check those that apply) –

<p><input checked="" type="checkbox"/> A. Equity securities</p> <p><input checked="" type="checkbox"/> (1) exchange-listed securities</p> <p><input checked="" type="checkbox"/> (2) securities traded over-the-counter</p> <p><input checked="" type="checkbox"/> (3) foreign issuers</p> <p><input checked="" type="checkbox"/> B. Warrants</p> <p><input checked="" type="checkbox"/> C. Corporate debt securities (other than commercial paper)</p> <p><input checked="" type="checkbox"/> D. Commercial paper</p> <p><input checked="" type="checkbox"/> E. Certificates of deposit</p> <p><input type="checkbox"/> F. Municipal securities</p> <p><input type="checkbox"/> G. Investment company securities:</p> <p><input type="checkbox"/> (1) variable life insurance</p> <p><input type="checkbox"/> (2) variable annuities</p> <p><input checked="" type="checkbox"/> (3) mutual fund shares</p>	<p><input checked="" type="checkbox"/> H. United States government securities</p> <p><input type="checkbox"/> I. Options contracts on:</p> <p><input checked="" type="checkbox"/> (1) securities</p> <p><input checked="" type="checkbox"/> (2) commodities</p> <p><input type="checkbox"/> J. Futures contracts on:</p> <p><input checked="" type="checkbox"/> (1) tangibles</p> <p><input checked="" type="checkbox"/> (2) intangibles</p> <p><input type="checkbox"/> K. Interests in partnerships investing in:</p> <p><input type="checkbox"/> (1) real estate</p> <p><input type="checkbox"/> (2) oil and gas interests</p> <p><input type="checkbox"/> (3) other (explain on Schedule F)</p> <p><input checked="" type="checkbox"/> L. Other (explain on Schedule F)</p>
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**4. Methods of Analysis, Sources of Information, and Investment Strategies.**

A. Applicant's security analysis methods include: (check those that apply)

(1) <input type="checkbox"/> Charting	(4) <input type="checkbox"/> Cyclical
(2) <input type="checkbox"/> Fundamental	(5) <input checked="" type="checkbox"/> Other (explain on Schedule F)
(3) <input type="checkbox"/> Technical	

B. The main sources of information applicant uses include: (check those that apply)

(1) <input type="checkbox"/> Financial newspaper and magazines	(5) <input type="checkbox"/> Timing services
(2) <input type="checkbox"/> Inspections of corporate activities	(6) <input type="checkbox"/> Annual reports, prospectuses, filings with the Securities and Exchange Commission
(3) <input type="checkbox"/> Research materials prepared by others	(7) <input type="checkbox"/> Company press releases
(4) <input type="checkbox"/> Corporate rating services	(8) <input checked="" type="checkbox"/> Other (explain on Schedule F)

C. The investment strategies used to implement any investment advice given to clients include: (check those that apply)

(1) <input type="checkbox"/> Long term purchases (securities held at least a year)	(5) <input type="checkbox"/> Margin transactions
(2) <input type="checkbox"/> Short term purchases (securities sold within a year)	(6) <input type="checkbox"/> Option writing, including covered options, uncovered options or spreading strategies
(3) <input type="checkbox"/> Trading (securities sold within 30 days)	(7) <input checked="" type="checkbox"/> Other (explain on Schedule F)
(4) <input type="checkbox"/> Short sales	

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

**5. Education and Business Standards.**

Are there any general standards of education or business experience that applicant requires of those involved in determining or giving investment advice to clients?.....  Yes  No

(If yes, describe these standards on Schedule F.)

**6. Education and Business Background.**

For:

- each member of the investment committee or group that determines general investment advice to be given to clients, or
- if the applicant has no investment committee or group, each individual who determines general investment advice given to clients (if more than five, respond only for their supervisors)
- each principal executive officer of applicant or each person with similar status or performing similar functions.

On Schedule F, give the:

- name
- year of birth
- formal education after high school
- business background for the preceding five years

**7. Other Business Activities.** (Check those that apply)

- A. Applicant is actively engaged in a business other than giving investment advice.
- B. Applicant sells products or services other than investment advice to clients.
- C. The principal business of applicant or its principal executive officers involves something other than providing investment advice.

(For each checked box describe the other activities, including the time spent on them, on Schedule F.)

**8. Other Financial Industry Activities or Affiliations.** (check those that apply)

- A. Applicant is registered (or has an application pending) as a securities broker/dealer.
- B. Applicant is registered (or has an application pending) as a futures commission merchant, commodity pool operator or commodity trading adviser.
- C. Applicant has arrangements that are material to its advisory business or its clients with a related person who is a:
  - (1) broker-dealer
  - (2) investment company
  - (3) other investment adviser
  - (4) financial planning firm
  - (5) commodity pool operator, commodity trading adviser or futures commission merchant
  - (6) banking or thrift institution
  - (7) accounting firm
  - (8) law firm
  - (9) insurance company or agency
  - (10) pension consultant
  - (11) real estate broker or dealer
  - (12) entity that creates or packages limited partnerships

(For each checked box in C, on Schedule F identify the related person and describe the relationship and the arrangements.)

- D. Is applicant or a related person a general partner in any partnership in which clients are solicited to invest?  Yes  No

(If yes, describe on Schedule F the partnerships and what they invest in)

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

9. Participation or Interest in Client Transactions.

Applicant or a related person: (check those that apply)

- A. As principal, buys securities for itself from or sells securities it owns to any client.
- B. As broker or agent effects securities transactions for compensation for any client.
- C. As broker or agent for any person other than a client effects transactions in which client securities are sold to or bought from a brokerage customer.
- D. Recommends to clients that they buy or sell securities or investment products in which the applicant or a related person has some financial interest.
- E. Buys or sells for itself securities that it also recommends to clients.

(For each box checked, describe on Schedule F when the applicant or a related person engages in these transactions and what restrictions, internal procedures, or disclosures are used for conflicts of interest in those transactions.)

Describe, on Schedule F, your code of ethics, and state that you will provide a copy of your code of ethics to any client or prospective client upon request.

10. Conditions for Managing Accounts. Does the applicant provide investment supervisory services, manage investment advisory accounts or hold itself out as providing financial planning or some similarly termed services and impose a minimum dollar value of assets or other conditions for starting or maintaining an account?

Yes No

(If yes, describe on Schedule F.)

11. Review of Accounts. If applicant provides investment supervisory services, manages investment advisory accounts, or holds itself out as providing financial planning or some similarly termed services:

- A. Describe below the reviews and reviewers of the accounts. For reviews, include their frequency, different levels, and triggering factors. For reviewers, include the number of reviewers, their titles and functions, instructions they receive from applicant on performing reviews, and number of accounts assigned each.

See Schedule F.

- B. Describe below the nature and frequency of regular reports to clients on their accounts.

See Schedule F.

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

**12. Investment or Brokerage Discretion.**

- A. Does applicant or any related person have authority to determine, without obtaining specific client consent, the:
- (1) securities to be bought or sold? .....  Yes  No
  - (2) amount of the securities to be bought or sold? .....  Yes  No
  - (3) broker or dealer to be used? .....  Yes  No
  - (4) commission rates paid? .....  Yes  No

- B. Does applicant or a related person suggest brokers to clients? .....  Yes  No

For each yes answer to A describe on Schedule F any limitations on the authority. For each yes to A(3), A(4) or B, describe on Schedule F the factors considered in selecting brokers and determining the reasonableness of their commissions. If the value of products, research and services given to the applicant or a related person is a factor, describe:

- the products, research and services
- whether clients may pay commissions higher than those obtainable from other brokers in return for those products and services
- whether research is used to service all of applicant's accounts or just those accounts paying for it; and
- any procedures the applicant used during the last fiscal year to direct client transactions to a particular broker in return for products and research services received.

**13. Additional Compensation.**

Does the applicant or a related person have any arrangements, oral or in writing, where it:

- A. is paid cash by or receives some economic benefit (including commissions, equipment or non-research services) from a non-client in connection with giving advice to clients? .....  Yes  No
- B. directly or indirectly compensates any person for client referrals? .....  Yes  No

(For each yes, describe the arrangements on Schedule F.)

**14. Balance Sheet.** Applicant must provide a balance sheet for the most recent fiscal year on Schedule G if applicant:

- has custody of client funds or securities (unless applicant is registered or registering only with the Securities and Exchange Commission); or
- requires prepayment of more than \$500 in fees per client and 6 or more months in advance

Has applicant provided a Schedule G balance sheet? .....  Yes  No

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: <b>Fairfield Greenwich (Bermuda) Ltd.</b>	IRS Empl. Ident. No.:
Item of Form (identify)	Answer
<b>Items 1.D. and 2.G.</b>	<p>Fairfield Greenwich (Bermuda) Ltd. ("FGBL" or "Applicant"), an exempted company incorporated under the laws of Bermuda on June 13, 2003, provides managerial services to three (3) private investment funds established in the British Virgin Islands (the "Offshore Funds"), and serves as the general partner to two (2) private investment funds established in the U.S., (the "Onshore Funds"), (collectively, the "FGBL Funds").</p> <p>FGBL is a wholly-owned subsidiary of Fairfield Greenwich Limited ("FGL", collectively with other affiliates listed in Schedule F, Item 8, Fairfield Greenwich Group, or "FGG"), an exempted company incorporated in the Cayman Islands on October 24, 2001. FGL serves as placement agent for the Offshore Funds and generally is paid by the applicable Offshore Fund (i) an annual management fee of up to 1% of net assets, payable quarterly, and (ii) a performance fee of 20% of the net profits, charged quarterly or annually subject to adjustment for unrecovered losses.</p> <p>Another wholly-owned subsidiary of FGL, Fairfield Heathcliff Capital LLC ("FHC"), a limited liability company incorporated in the state of Delaware, and an affiliate of FGBL, serves as placement agent for the Onshore Funds. FGBL does not provide tailored investment advice to individual investors for a fee.</p> <p>Similar to the Offshore Funds, FGBL generally is paid by the Onshore Funds (i) an annual management fee of up to 1% of net assets, payable quarterly, and (ii) an incentive allocation of 20% of net profits, charged quarterly or annually subject to adjustment for unrecovered losses. Some or all of such fees can be waived at the discretion of the general partner.</p> <p>Investors in the FGBL Funds generally have the right to redeem all or a portion of their investment in an FGBL Fund at least quarterly, subject to applicable advance notice requirements. If an investor redeems or withdraws from an FGBL Fund, the investor will be entitled to any unearned, prepaid portion of the management fee. To the extent required under the U.S. Investment Advisers Act of 1940, performance-based compensation payable to FGBL, or any of its affiliates, will be in compliance with Rule 205-3 under such Act.</p>
<b>Item 3.L.</b>	<p>The establishment of a typical position in the FGBL Funds entails (i) the purchase of a group or basket of equity securities that are intended to highly correlate to the S&amp;P 100 Index, (ii) the purchase of out-of-the-money S&amp;P 100 Index put options with a notional value that approximately equals the market value of the basket of equity securities, and (iii) the sale of out-of-the-money S&amp;P 100 Index call options with a notional value that approximately equals the market value of the basket of equity securities (i.e., the "Split-Strike Conversion strategy"). The Offshore Funds also utilize a small portion of their assets (up to 5%) away from the Split Strike Conversion strategy to seed a small number of hedge fund management groups with varying and diverse types of investments. These various types of investments and investment strategies are noted under Item 3. Certain of the hedge fund managers allocated to may be managed by an affiliate of FGBL. For a more detailed explanation, see <b>Item 4.C.(7)</b> below.</p>
<b>Items 4.A.(5) and 4.B.(8)</b>	<p>An affiliate of FGBL, Fairfield Risk Services Ltd. ("FRS"), also a wholly owned subsidiary of FGL, shares office space with FGBL and serves as FGG's Risk Management team, which, as noted, includes FGBL. A Director of FGBL, Amit Vijayvergiya, serves both FGBL and FRS and manages both teams. FRS primarily conducts both the pre- and post-investment quantitative analyses of hedge fund managers, monitors the market risk and provides the quantitative analyses supporting the asset allocation decisions across the firm's multi-strategy funds. The risk infrastructure at FRS supporting these activities incorporates a number of systems and tools – including internally developed systems, off the shelf vendor solutions, and some customized applications built to meet FGG's business needs. An important component</p>

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: <b>Fairfield Greenwich (Bermuda) Ltd.</b>		IRS Empl. Ident. No.:
Item of Form (identify)	Answer	
	<p>of the FGG product platform is the position level transparency that we receive from all single managers which are included in our multi-strategy funds. Position information is transmitted via secure channels to our systems.</p> <p>FRS's core risk management engine utilizes the flexible ASP version of the RiskManager product from RiskMetrics. This system is populated by detailed position information and further supplemented by an extensive market and terms and conditions database. The FRS team regularly evaluates the market risk of its single and multi-strategy funds by producing strategy and fund specific risk reports. These reports are customizable to present risk measures and tests most appropriate to each portfolio's strategy. The FRS team prepares a monthly suite of reports using RiskManager that are carefully reviewed and discussed by FGG's Investment Committee at a formal monthly risk meeting. The reports organized along the following dimensions: Exposures, Sensitivities, Scenarios and Stress Tests, VaR, Correlations Analysis and Attribution Analysis. The review includes the full suite of VaR analytics (including marginal, incremental and relative VaR) and careful evaluation of the sensitivity of our managers to important risk factors (such as increasing or decreasing equity markets, volatilities, interest rate shocks/twists, FX movements and other factors).</p>	
<b>Item 4.C.(7)</b>	<p>FGBL's core product business model is the investment management and oversight of the split strike conversion strategy, implemented through an Offshore Fund (with two currency feeder funds), and two Onshore Funds. The Offshore Fund also utilizes a small portion of its assets (up to 5%) away from the Split Strike Conversion strategy to seed a small number of hedge fund management groups with varying and diverse investment methodologies. Working with one of its affiliates (Fairfield Greenwich Advisors LLC, SEC registrant 801-62504), FGBL conducts a detailed manager selection and due diligence process, analyzing such important issues as liquidity management, market and credit risks, management quality (which includes on-site visit(s), background, and reference checks), and operational, compliance, and regulatory risks. At the conclusion of the manager selection process, allocation of assets from the Offshore Fund to a successful hedge fund manager (which may be managed by an affiliate of FGBL) candidate will be determined based on a qualitative and quantitative analysis of each manager's potential for long-term risk-adjusted performance, relationship with other manager's previously seeded, and expected contribution to the targeted risk/return profile.</p>	
<b>Item 5</b>	<p>FGBL generally requires a college degree and preferably an advanced degree for its professional personnel. Along with these educational requirements, FGBL prefers relevant securities industry experience.</p>	
<b>Item 6</b>	<p>Anthony Dell'Arena                  Chief Compliance Officer                  YOY: 1964</p>	<p><b><u>Business Background for Past 5 Years:</u></b></p> <p>Mr. Dell'Arena joined FGG in 2005. Prior to such, he was employed by JPMorgan Chase &amp; Co.'s Private Banking division, where he was a Vice President and Assistant General Counsel from 2002 to 2005.</p> <p><b><u>Education:</u></b></p> <p>Mr. Dell'Arena was awarded his Juris Doctor degree from the University of Arkansas School of Law, and holds Master's and Bachelor's degrees in History from Rutgers University. He is admitted to the bar of New Jersey, and is based in the New York office. Mr. Dell'Arena holds FINRA licenses</p>

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: <b>Fairfield Greenwich (Bermuda) Ltd.</b>		IRS Empl. Ident. No.:
Item of Form (identify)	Answer	
	Series 7, 24, 63, and 65, and is a member of National Society of Compliance Professionals.	
Daniel E. Lipton Asst Secretary and Chief Financial Officer YOB: 1971	<p><b><u>Business Background for Past 5 Years:</u></b></p> <p>Mr. Lipton joined FGG in 2002 after nine years at Ernst &amp; Young, where he was a Senior Manager in the Financial Services Assurance and Advisory Business Services Department, in charge of auditing and consulting engagements, specializing in alternative assets, private equity, venture capital, and domestic and offshore funds.</p> <p><b><u>Education:</u></b></p> <p>Mr. Lipton received his Bachelor of Arts degree in Economics from Tufts University and his Master of Business Administration dual degrees in Accounting and Finance from New York University's Stern School of Business; he is also a Certified Public Accountant.</p>	
Mark J. McKeefry Director, Asst Secretary and Chief Legal Officer YOB: 1961	<p><b><u>Business Background For Past 5 Years:</u></b></p> <p>Mr. McKeefry joined FGG in 2003. Prior, he was an Associate at Buchalter Nemer, where he advised broker-dealers and investment advisors on regulatory and compliance issues for onshore and offshore funds.</p> <p><b><u>Education:</u></b></p> <p>Mr. McKeefry received his Bachelor of Science degree from Carnegie Mellon University and his Juris Doctor degree from Fordham University, where he was a member of the Law Review. Prior to attending law school, he was a professional engineer, licensed by the State of California as a civil engineer. Mr. McKeefry is admitted to the bars of California and New York. He holds FINRA licenses Series 7, 24, 63, 65 and 3.</p>	
Andrés Piedrahita Director and President YOB: 1959	<p><b><u>Business Background for Past 5 Years:</u></b></p> <p>Mr. Piedrahita has been with FGBL since 1997.</p> <p><b><u>Education:</u></b></p> <p>Mr. Piedrahita received his Bachelor's Degree from the Boston University School of Communications.</p>	
Amit Vijayvergiya Director, Vice President and Chief Risk Officer YOB: 1969	<p><b><u>Business Background for Past 5 Years:</u></b></p> <p>Mr. Vijayvergiya has over 12 years of experience in asset management, risk management, finance, and operations research. Prior to joining FGBL, from 2000 to 2003 Mr. Vijayvergiya managed a family office investing in traditional and alternative investment managers.</p> <p><b><u>Education:</u></b></p>	

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: <b>Fairfield Greenwich (Bermuda) Ltd.</b>		IRS Empl. Ident. No.:
Item of Form (identify)	Answer	
	Mr. Vijayvergiya received a Masters in Business Administration from Schulich School of Business at York University, a Bachelors of Science in Statistics from the University of Manitoba, and a Bachelors of Arts in Economics from the University of Western Ontario. Mr. Vijayvergiya holds the Chartered Financial Analyst designation and the Financial Risk Manager certification.	
<b>Item 8.C.(1) and 8.D.</b>	An affiliate of FGBL, Fairfield Heathcliff Capital LLC ("FHC"), is registered with the Securities and Exchange Commission as a broker-dealer and is a member of the Financial Industry Regulatory Authority. It does not have a trading desk, nor does it open broker-dealer accounts or custody cash or securities. FHC's license is limited to selling limited partnership interests. FHC serves as U.S. placement agent for the FGG Funds and will bear its costs associated with such activities.	
<b>Item 8.C.(3) and 8.D.</b>	FGBL, Fairfield Greenwich (UK) Limited ("FGUK"), and Fairfield Greenwich Advisors LLC ("FGA"), are each wholly-owned subsidiaries of Fairfield Greenwich Limited ("FGL", and collectively, FGG). FGA is based in the U.S. and is registered with the Securities and Exchange Commission as a registered investment adviser (SEC File No. 801-62504). FGUK is authorized and regulated by the Financial Services Authority, and serves as investment manager to a Luxembourg-registered SICAV and offshore fund-of-funds. FGG has also entered into a joint venture with Lion Capital Management Limited to create Lion Fairfield Capital Management Limited ("LFC"), a hedge fund management and client servicing platform in Asia. LFC holds a capital markets services license issued by the Monetary Authority of Singapore under the provisions of the Securities and Futures Act (Cap 289). FGA is the general partner of four (4) Delaware limited partnerships. No fund on the FGG platform is solicited to invest in any of them. FGBL is the general partner of two (2) Delaware limited partnerships. Certain other FGG funds have been solicited to invest in them.	
<b>Item 8.C.(5)</b>	FGL is registered with the Commodity Futures Trading Commission as a commodity pool operator and is a member of the National Futures Association.	
<b>Item 9.A.</b>	While FGBL does not as a matter of course engage in principal transactions, a related person of FGBL, an affiliate, Fairfield Greenwich (UK) Limited ("FGUK"), as Investment Manager of the Chester Global Strategy Fund Limited (the "Chester Fund"), has in February 2008 transferred certain securities held by the Chester Fund (i.e., interests in underlying hedge funds) to the Banif Fairfield Impala Fund (the "Banif Fund"), which is domiciled in Spain. Another affiliate of FGBL (and of FGUK), Fairfield Greenwich Advisors LLC ("FGA"), serves as the Banif Fund's sub-adviser. To establish the Banif Fund, FGA arranged for the parent of both it and FGUK, Fairfield Greenwich Limited ("FGL"), to contribute approximately half of the Banif Fund's initial capital, approximately \$5 million Euro. The remaining initial seed money of \$5 million Euro was contributed by Banco Banif S.A. As a result of this proprietary ownership, (i) the Banif Fund is deemed a principal account for certain U.S. regulatory purposes, (ii) FGUK is deemed to have acted as principal when selling the Assets from the Chester Fund to the Banif Fund and (iii) FGUK had to obtain consent from the Chester Fund in connection with the proposed transfer of Assets. In order to mitigate the conflict of interest inherent in the principal transaction, and to address the potential for self dealing, the consent of the Chester Fund shareholders was obtained prior to settlement of the transactions, who determined that the transactions served their best interest. Should FGBL seek to engage in a principal transaction, this same methodology would be followed.	

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: <b>Fairfield Greenwich (Bermuda) Ltd.</b>	IRS Empl. Ident. No.:
Item of Form (identify)	Answer
<b>Item 9.D.</b>	<p>FGBL and its affiliates may solicit clients to invest in the FGBL Funds, or those funds of FGBL's affiliates (collectively, the "FGG Funds"). In the event of limited capacity in a particular FGG Fund, FGBL and its affiliates are committed to allocating investment opportunities and dispositions in the particular FGG Fund fairly among clients or vehicles. FGBL and certain of its affiliates and their officers may have financial interests as general partners, limited partners, shareholders, directors, investment managers, administrative manager, investment adviser or otherwise in such FGG Funds. Management and/or performance fees for such individuals and their family members may be waived in certain instances.</p>
<b>Item 9.E.</b>	<p>FGBL and its affiliates may purchase or sell shares or interest of a single manager fund for the accounts of multi-strategy funds. FGBL and certain of its affiliates and other multi-strategy funds may have a position in such Single Manager Fund.</p> <p>With respect to standards of professional conduct, a Code of Ethics (the "Code") has been adopted by FGBL in order to comply with Rule 204A-1 (the "Rule") promulgated under the Investment Advisers Act of 1940, as amended. Rule 204A-1 requires every Investment Adviser registered with the Securities and Exchange Commission to adopt and enforce a written code of ethics applicable to its supervised persons. The Rule was designed to prevent fraud by reinforcing fiduciary principles that must govern the conduct of advisory firms and their personnel. The Code contains a provision reminding employees of their obligations to clients as well as a provision requiring the reporting of personal securities transactions and holdings. In order to ensure that FGBL's employees are made aware of its standards, the Rule requires FGBL to obtain (and keep) a written acknowledgement from each employee confirming that he or she received a copy of the Code and any amendments.</p> <p>Further, pursuant to the Rule, FGBL has deemed certain of its employees to be "Access Persons." An "Access Person" is an employee of FGBL who has access to nonpublic information regarding any clients' purchase or sale of securities, or nonpublic information regarding the portfolio holdings of any reportable fund, or who is involved in making securities recommendations to clients, or who has access to such recommendation that are nonpublic. FGBL Access Persons are required to provide FGBL with personal (which includes household) securities account information and FGBL thus arranges for the delivery to its office for its review duplicate copies of confirmations and statements of any personal trading activity. FGBL Access Persons are not free to trade without having first pre-cleared trades with FGBL. In all cases, FGBL will attempt to resolve any conflicts of interest by exercising the good faith required of fiduciaries. FGBL reviews the personal investment activities of its Access Persons to ensure that the following general fiduciary principles are met:</p> <ul style="list-style-type: none"> <li>(a) the duty at all times to place the interests of clients of FGBL first;</li> <li>(b) the duty to prevent the misuse of material nonpublic information which includes client securities holdings and transactions;</li> <li>(c) the requirement that all personal securities transactions be conducted in such a manner as to avoid any actual or potential conflict of interest or any abuse of an individual's position of trust and responsibility; and</li> <li>(d) the fundamental standard that FGBL personnel may not take inappropriate advantage of their position.</li> </ul> <p>Investors may request a copy of the Code by contacting FGBL at the address or telephone number listed on the first page of this document.</p>

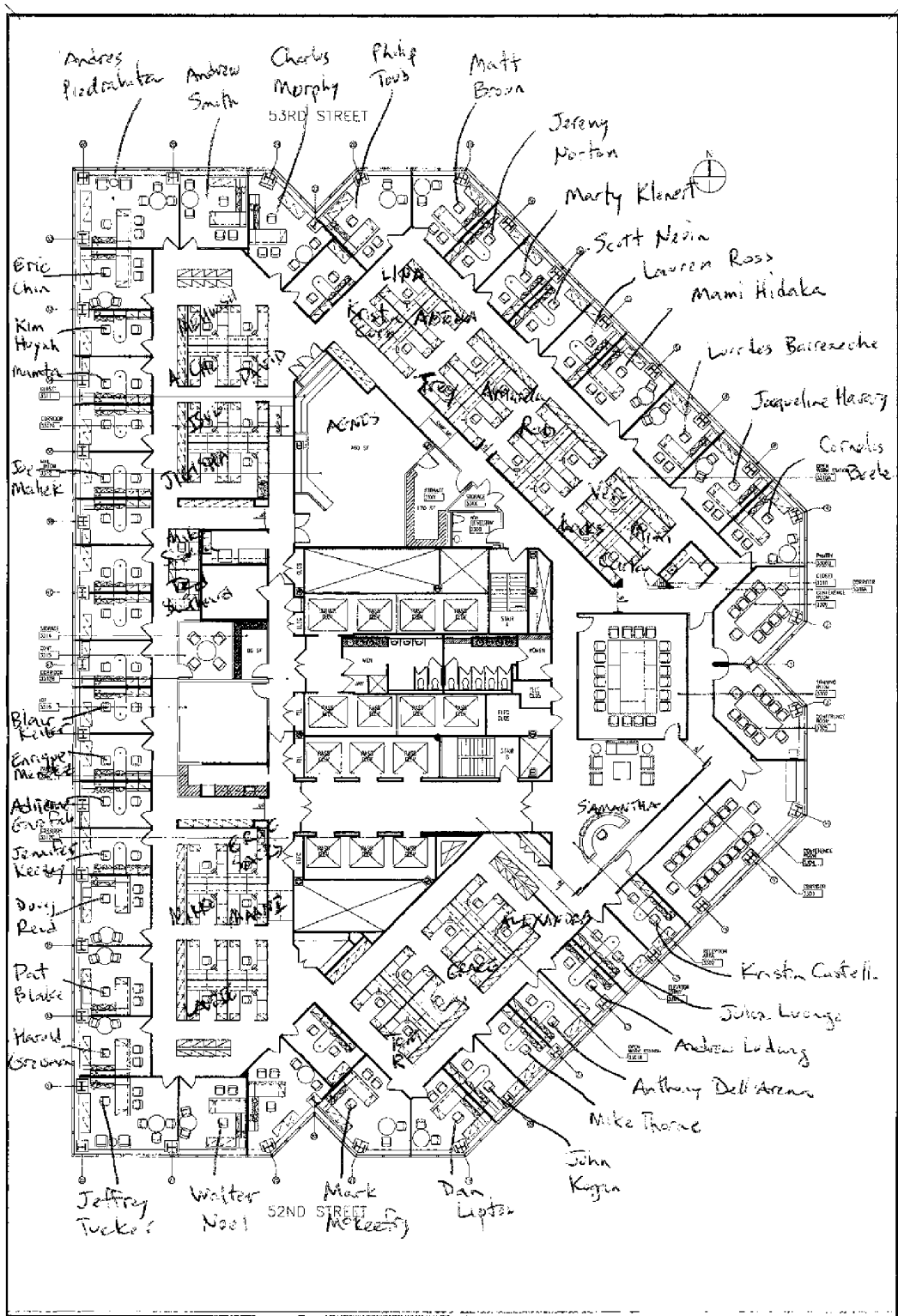
Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: <b>Fairfield Greenwich (Bermuda) Ltd.</b>		IRS Empl. Ident. No.:
Item of Form (identify)	Answer	
<b>Item 10</b>	The FGBL Funds impose various initial minimum investment amounts, ranging between US\$100,000 and US\$1,000,000, and in equivalent amounts in different currencies including Euro and Swiss Franc. The FGG Funds may accept investment in lesser amounts. Generally, investors are required to have a net worth of at least US\$1,500,000.	
<b>Item 11.A.</b>	Portfolios are reviewed at the individual security level from independent sources discussed among members of the FRS team, FGBL and FGA several times each month (see, e.g., Schedule F, Item 4.B.8). FRS, FGBL and FGA utilize a number of independent, sophisticated quantitative measurement tools to monitor the performance of its managers, compliance with investment guidelines, and risk analysis. FRS, FGBL and FGA personnel review changes in a variety of factors, including changes in organization, investment process, the manager's view of the relevant markets, and their portfolio's position with respect to those views. The findings are discussed at regular meetings.	
<b>Item 11.B.</b>	Investors will receive audited financial statements of the applicable Fund annually, and unaudited performance reports at least monthly. In addition, investors may also receive quarterly or semi-annual letters regarding their investments.  FGBL is committed to maintaining the privacy of our clients and to the safeguarding of their personal information. Our privacy policy is distributed to clients in accordance with Regulation S-P on an initial and annual basis, to help clients understand what personal information we collect, how that information is protected, and why, in certain cases, the information may be shared.	
<b>Item 12</b>	For certain of the FGG Funds, FGBL or an affiliate has full discretion and authority to make all investment decisions with respect to the types of securities to be bought and sold, and the amount of securities to be bought or sought for such Fund, and there are no limitations as to which broker dealer is used or as to the commission rates paid. However, portfolio transactions will be allocated to brokers on the basis of best execution and in consideration of brokerage and research services (e.g., research ideas, investment strategies, special execution and block positioning capabilities, clearance, settlement and custodial services), financial stability, reputation and efficiency of such broker-dealers. Broker-dealers providing such services may be paid commissions in excess of those that other broker-dealers not providing such services might charge.	
<b>Item 13.A.</b>	A related person of FGBL receives research reports from various brokers, but neither the related person nor FGBL currently have any "soft dollar" arrangements outside the parameters of Section 28(e) of the Securities Exchange Act of 1934, as amended, in effect.	
<b>Item 13.B.</b>	From time to time, FGL, or an affiliate, may enter into agreements to compensate third party and/or certain internal agents, providing for cash compensation for securing clients which may be in the form of a placement fee or participation in the sharing of the management and/or performance fees.	

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

## **Exhibit 4**



<b>T P G</b> ARCHITECTURE TPG Architecture, LLP TPG Planning & Design, LLC 350 Park Avenue South, New York, NY 10010 212 768 0606 Fax: 212 708 1897 www.tpgarchitect.com	Project FAIRFIELD GREENWICH GROUP 55 EAST 52ND STREET NEW YORK, NY		Drawing Title FLOOR PLAN REVISED 04/23/07	
	Project No. 1006794.00	Drawn By ASW	Date 04/23/07	Scale NTS
			Drawing No. PL-4	

5/30/07

## **Exhibit 5**

**FAIRFIELD GREENWICH (BERMUDA) LTD.**  
**(the "Company")**

Written resolutions of all the Directors of the Company adopted in accordance with Bye-Law 60 of the Company as of the date on which these resolutions are signed by the last Director to sign.


**Signing Authorities - Fairfield Sigma Limited ("Sigma"), Fairfield Lambda Limited ("Lambda") and Fairfield Sentry Limited ("Sentry")**

NOTED that:

- (a) the Company served as the investment manager for each of Sigma, Lambda and Sentry, each being investment funds;
- (b) as investment manager for each of Sigma, Lambda and Sentry, the Company had been delegated the power and authority to manage the investment of the assets of each of them, and that from time to time, Sigma and Lambda make investments in Sentry; and
- (b) in connection with the above, the Company wished to authorize individuals as authorized signatories of the Company for the above purposes.

RESOLVED that:

- (a) that each of Daniel Lipton and Amit Vijayvergiya, whose signatures appear below, be and hereby are authorized to sign and otherwise execute for and in the name of the Company as investment manager for each of Sigma, Lambda and Sentry respectively, any agreements or other documents in relation to any of the following transactions on behalf of the Company as investment manager as aforesaid, and to bind the Company as investment manager in accordance with the contents and tenor of such agreements or documents:
  - Subscriptions and Redemptions on behalf of Fairfield Sigma Limited and Fairfield Lambda Limited for shares of Fairfield Sentry Limited;
  - Deposits and Withdrawals in overnight deposit account #8568 at Citco Bank Nederland N.V. in the name of Fairfield Sentry Limited; and
  - Transfers of funds to and from investment accounts 1-FN045-3-0 and 1-FN012-3-0 held with Bernard L. Madoff Investment Securities, LLC. and accounts at Citco Bank Nederland N.V. in the name of Fairfield Sentry Limited.

Daniel Lipton 

Amit Vijayvergiya \_\_\_\_\_

**FAIRFIELD GREENWICH (BERMUDA) LTD.**  
**(the "Company")**

Written resolutions of all the Directors of the Company adopted in accordance with Bye-Law 60 of the Company as of the date on which these resolutions are signed by the last Director to sign.

**Signing Authorities - Fairfield Sigma Limited ("Sigma"), Fairfield Lambda Limited ("Lambda") and Fairfield Sentry Limited ("Sentry")**

NOTED that:

- (a) the Company served as the investment manager for each of Sigma, Lambda and Sentry, each being investment funds;
- (b) as investment manager for each of Sigma, Lambda and Sentry, the Company had been delegated the power and authority to manage the investment of the assets of each of them, and that from time to time, Sigma and Lambda make investments in Sentry; and
- (b) in connection with the above, the Company wished to authorize individuals as authorized signatories of the Company for the above purposes.

RESOLVED that:

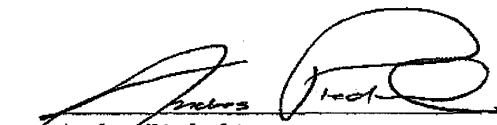
- (a) that each of Daniel Lipton and Amit Vijayvergiya, whose signatures appear below, be and hereby are authorized to sign and otherwise execute for and in the name of the Company as investment manager for each of Sigma, Lambda and Sentry respectively, any agreements or other documents in relation to any of the following transactions on behalf of the Company as investment manager as aforesaid, and to bind the Company as investment manager in accordance with the contents and tenor of such agreements or documents:
  - Subscriptions and Redemptions on behalf of Fairfield Sigma Limited and Fairfield Lambda Limited for shares of Fairfield Sentry Limited;
  - Deposits and Withdrawals in overnight deposit account 8568 at Citco Bank Nederland N.V. in the name of Fairfield Sentry Limited; and
  - Transfers of funds to and from investment accounts 1-FN045-3-0 and 1-FN012-3-0 held with Bernard L. Madoff Investment Securities, LLC. and accounts at Citco Bank Nederland N.V. in the name of Fairfield Sentry Limited.


Daniel Lipton \_\_\_\_\_

Amit Vijayvergiya  \_\_\_\_\_

- (b) the current requirement for two signatories on amounts over USD 2,500.00 at the Company's bank account at The Bank of Butterfield & Son Limited be increased to USD 10,000.00; and
- (c) the proper officers of the Company, be, and each such person hereby is, authorized and directed, in the name of and on behalf of the Company, to execute all such instruments, notices and writings as such officers in their discretion shall deem necessary or desirable to effectuate the foregoing resolutions and to carry out the full intents and purposes thereof.

These Written Resolutions may be executed in one or more counterparts, each of which shall be deemed original and all of which, when taken together, shall constitute one instrument. The actions taken by these Written Resolutions shall have the same force and effect as if taken by the Directors at a meeting of the Directors, duly called and constituted pursuant to the Bye-laws of the Company.

  
Andres Piedrahita  
Dated: 14 September 2004

  
Ian Pilgrim  
Dated: 14 September 2004

## **Exhibit 6**

---

**From:** Jeffrey Tucker [IMCEAEX-\_O=FAIRGREENGROUP\_OU=FIRST+20ADMINISTRATIVE+20GROUP\_CN=RECIPIENTS\_CN=JEFFREY@fairdomain01.com]  
**Sent:** Tuesday, August 26, 2003 3:00 PM  
**To:** Lauren Ross [lauren@fggus.com]; Dan Lipton [dan@fggus.com]; Corina Piedrahita [corina.piedrahita@virgin.net]  
**Cc:** Jacqueline Harary [jacqueline@fggus.com]  
**Subject:** RE: F Sentry Class B - \$1.5 Subscription - Please approve

Ok to do

-----Original Message-----

**From:** Lauren Ross  
**Sent:** Tuesday, August 26, 2003 9:50 AM  
**To:** Jeffrey Tucker; Dan Lipton; Corina Piedrahita  
**Cc:** Jacqueline Harary  
**Subject:** F Sentry Class B - \$1.5 Subscription - Please approve

Please approve \$1.5mm into F Sentry Class B for Knowledge Works Foundation. This is a client of Jackie's.

Thank you,

Lauren

-----Original Message-----

**From:** Jacqueline Harary  
**Sent:** Tuesday, August 26, 2003 10:45 AM  
**To:** Lauren Ross  
**Subject:**

Hi Lauren:

Can you approve for 9-1-2003 1.5 million USD for Fairfield Sentry B from my allocation? The existing client would be Knowledge Works Foundation which I was not so keen to grant but since we have enough capacity I thought I would accept it.

If this is approved could you please send the short form to Bill McNeese (mcneeseb@kwfdn.org and cc nheppler@appartners.com) so he can fill it out today and send it today. I advised them the deadline is tomorrow.

Please advise.

Thanks,

Jackie

*Jacqueline Harary*

Fairfield Greenwich Group

919 Third Avenue

11th Floor

New York, New York 10022

Tel: 212-319-6060

Fax: 212-319-0450

e-mail: [jacqueline@fggus.com](mailto:jacqueline@fggus.com)

## **Exhibit 7**

**From:** Jeffrey Tucker [jeffrey@fggus.com]  
**Sent:** 5/6/2005 4:26:10 PM  
**To:** Lauren Ross [lauren@fggus.com]; Dan Lipton [dlipton@fggus.com]; Amit Vijayvergiya [amit@fggus.com]  
**CC:** Finance Group [Finance@fggus.com]; Gordon McKenzie [gordon@fggus.com]; Sam Nakhleh [sam@fggus.com]  
**Subject:** RE: Investment from Crediinvest for May 1 \$6mm

approved.

-----Original Message-----

From: Lauren Ross  
Sent: Friday, May 06, 2005 12:25 PM  
To: Jeffrey Tucker; Dan Lipton; Amit Vijayvergiya  
Cc: Finance Group; Gordon McKenzie; Sam Nakhleh  
Subject: Investment from Crediinvest for May 1 \$6mm

Dear Jeffrey,

Please approve acceptance of a late subscription from Crediinvest for \$6mm into Fairfield Sentry for May 1. Monies and documents were received April 29th. We will inform the agent and the client of the importance of our deadlines going forward.

Thank you,  
Lauren

Lauren H. Ross  
FAIRFIELD GREENWICH GROUP  
919 Third Avenue, 11th Floor  
New York, NY 10022  
Main: (212) 319-6060  
Fax: (212) 319-0450  
www.fggus.com

## **Exhibit 8**

**From:** Jeffrey Tucker [jeffrey@fggus.com]  
**Sent:** 9/17/2004 4:33:38 PM  
**To:** Lauren Ross [lauren@fggus.com]; Maria-Joao Fernandez [MFernandez@citco.com]  
**CC:** Finance Group [Finance@fggus.com]; Gordon McKenzie [gordon@fggus.com]; Nancy Ng [Nancy@fggus.com]; Amit Vijayvergiya [amit@fggus.com]; Dan Lipton [dlipton@fggus.com]; Corina Piedrahita [corina@fggmadrid.com]  
**Subject:** RE: Redemption Fairfield Sentry - late receipt for NAV Sep 30 - Dresdner Bank Lateinamerika AG

ok

-----Original Message-----

From: Lauren Ross  
Sent: Friday, September 17, 2004 6:45 AM  
To: Maria-Joao Fernandez  
Cc: Finance Group; Gordon McKenzie; Nancy Ng; Amit Vijayvergiya; Dan Lipton; Corina Piedrahita; Jeffrey Tucker  
Subject: RE: Redemption Fairfield Sentry - late receipt for NAV Sep 30 - Dresdner Bank Lateinamerika AG

This is for Sep 30 NAV.

Corina/Jeffrey/Dan - please approve.

Thank you,  
Lauren

Lauren H. Ross  
Fairfield Greenwich Group  
919 Third Avenue, 11th Floor  
New York, NY 10022  
Tel: 212-319-6060  
Fax: 212-319-0450  
Email: lauren@fggus.com

-----Original Message-----

From: "Fernandez, Maria João AMS" [mailto:MFernandez@Citco.com]  
Sent: Friday, September 17, 2004 6:35 AM  
To: Lauren Ross  
Cc: Finance Group; Gordon McKenzie; Nancy Ng; Amit Vijayvergiya; Dan Lipton; Rob Blum; Corina Piedrahita; Jeffrey Tucker  
Subject: Redemption Fairfield Sentry - late receipt for NAV Sep 30 - Dresdner Bank Lateinamerika AG

Dear Lauren,

We have received the following request for redemption:

Fund : Fairfield Sentry A  
Date of receipt of request : September 17, 2004  
Shareholder name : Dresdner Bank Lateinamerika AG  
Redeeming shares : 5,501.78

As you can see this redemption came in one day too late for the NAV of September 30, 2004. They do not request any specific NAV, however they mention that it "was already approved by Lauren Ross/Fairfield N.Y."

I just want to confirm with you if this trade was approved for any specific NAV, as in order to redeem shareholders do not need to have an approval. Please advise.

Thanks in advance and regards  
João

Maria João Fernandez  
Investor Relations Group  
Citco Fund Services (Europe) BV  
Naritaweg 165  
1007 JE Amsterdam  
the Netherlands  
Tel. 0031-20 5722 116  
Fax 0031-20 5722 610

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## **Exhibit 9**

**From:** Jeffrey Tucker [jeffrey@fggus.com]  
**Sent:** 2/21/2005 11:12:21 PM  
**To:** Lauren Ross [lauren@fggus.com]; Amit Vijayvergiya [amit@fggus.com]; Gordon McKenzie [gordon@fggus.com]; Corina Piedrahita [corina@fggmadrid.com]  
**CC:** Sam Nakhleh [sam@fggus.com]  
**Subject:** RE: FW: Fairfield Sentry - redemption all shares i/n/o Multi-Strategy Fund - request to include also shs from NAV Jan 31, 2005

Ok

-----Original Message-----

**From:** Lauren Ross [mailto:lauren@fggus.com]  
**Sent:** Mon Feb 21 17:33:28 2005  
**To:** Amit Vijayvergiya; Gordon McKenzie; Corina Piedrahita; Jeffrey Tucker  
**Cc:** Sam Nakhleh  
**Subject:** FW: Fairfield Sentry - redemption all shares i/n/o Multi-Strategy Fund - request to include also shs from NAV Jan 31, 2005

This is a very important client of Philip's (CDP). Please approve to amend this redemption request and process for Feb 28 if all paperwork is completed.

Thank you,  
Lauren

Lauren H. Ross  
Fairfield Greenwich Group  
919 Third Avenue, 11th Floor  
New York, NY 10022  
Tel: 212-319-6060  
Fax: 212-319-0450  
Email: lauren@fggus.com

-----Original Message-----

**From:** "Fernandez, Maria João AMS" [mailto:MFernandez@Citco.com]  
**Sent:** Monday, February 21, 2005 8:15 AM  
**To:** Gordon McKenzie; Amit Vijayvergiya  
**Cc:** Lauren Ross; Sam Nakhleh; Corina Piedrahita; Dan Lipton; Jeffrey Tucker; Maria Ibarra; Marianne van den Oever; Peter Nicholls  
**Subject:** Fairfield Sentry - redemption all shares i/n/o Multi-Strategy Fund - request to include also shs from NAV Jan 31, 2005

Dear All,

On February 14, 2005 we received the above redemption for NAV of February 28, 2005. We

confirmed to the client a redemption of 20,050.63 shares (they indicated they wanted to redeem all shares).

However now they contacted us again and say that their request also included the shares purchased with their subscription of US\$5,000,000 of NAV January 31, 2005. This subscription is not processed yet as we still are missing the subscription agreement of Fairfield Sentry Ltd. Once it is processed it will account for 4,850.30 shares.

Please advise if you can allow the above redemption to be amended from 20,050.63 shares to 24,900.93 shares, for the NAV of February 28, 2005.

Kind regards  
João

Maria João Fernandez  
Investor Relations Group  
Citco Fund Services (Europe) BV  
Naritaweg 165  
1007 JE Amsterdam  
the Netherlands

Tel. 0031-20 5722 116  
Fax 0031-20 5722 610

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## **Exhibit 10**

**From:** Dan Lipton [DLIPTON@fairdomain01.com]  
**Sent:** 2/5/2004 1:03:04 AM  
**To:** Amit Vijayvergiya [amit@fggus.com]  
**CC:** Gordon McKenzie [gordon@fggus.com]; Jeffrey Tucker [jeffrey@fggus.com]; Rob Blum [rob@fggus.com]  
**Subject:** RE: FW: Sentry Cash Forecast

OK  
Let's send 50 to Madoff. I want to see the cash returns before making that decision.  
Thanks,  
Dan

-----Original Message-----

**From:** Amit Vijayvergiya  
**Sent:** Wed Feb 04 16:58:58 2004  
**To:** Dan Lipton  
**Cc:** Gordon McKenzie  
**Subject:** FW: Sentry Cash Forecast

Dan,

I had a chat with Jeffrey yesterday - he suggested that we transfer \$50MM into Madoff on Monday and see what happens.

The \$20MM excess cash can be placed into the o/n deposit (bringing the total to \$60MM). I would recommend placing this \$60MM with BNTB Money Market Fund (the #1 rated offshore money market fund, currently has over \$3 billion in assets at a competitive yield). I'll compile some background info (as previously promised) and forward for your review.

A bigger issue is that, even if we do manage to direct this \$50MM into Madoff, we probably won't be able to do this again. We should seriously consider limiting subscriptions to the amount redeemed more closely. At some point, the cash balance will begin to drag on performance and I have asked Gord to put together a simple spreadsheet demonstrating this at different cash levels. I know that we're working on new seedling potentials, but this may still take some time (and only be in the \$30MM range??).

Regards,  
Amit

-----Original Message-----

**From:** Rob Blum  
**Sent:** Tuesday, February 03, 2004 8:20 PM  
**To:** Dan Lipton; Corina Piedrahita; Jeffrey Tucker  
**Cc:** Harold Greisman; Office Bermuda  
**Subject:** RE: Sentry Cash Forecast

Bernie! Bernie! Bernie!

-----Original Message-----

From: Dan Lipton

Sent: Tue Feb 03 19:54:52 2004

To: Corina Piedrahita; Rob Blum; Jeffrey Tucker

Cc: Harold Greisman; Office Bermuda

Subject: Sentry Cash Forecast

Gord will send around a official breakdown tomorrow, but as a heads up we have approximately \$117mm in cash with (\$17mm) in Feb 29 redemptions right now netting \$100mm.

Food for thought: XYZ funding? New seedlings? Cash reserve? Sending some extra money to Madoff?

\* Dan

Daniel E. Lipton

Chief Financial Officer

Fairfield Greenwich Group

919 Third Avenue - 11th Floor

New York, NY 10022

212-991-5265 - Direct

212-319-6060 - General

212-319-0450 - Fax

# **Exhibit 11**

December 10, 2008

PERSONAL & CONFIDENTIAL -- BY HAND

Bernard L. Madoff Investment Securities LLC  
885 Third Avenue  
New York, NY 10022  
Attn: Mr. Bernard L. Madoff

Dear Bernie:

Further to our telephone conversation of December 8, 2008, I thought it appropriate to send you this note.

We fully understand the frustration of your traders in this unique time. The de-leveraging in the world is far greater than it has ever been. Unfortunately, the redemptions in our industry since the bankruptcy of Lehman are not based on performance or value. We believe that this is the case given Sentry's outperformance of the market and its rivals this year. Rather, it is our belief that these redemptions are panic-driven runs on liquid investments.

Based on our nearly 20 years of experience with you and Sentry through a number of cycles, we fully expect the capital to come back and grow substantially. While we cannot anticipate when the tide will turn and redemptions will slow, we can tell you of several steps we will take as a firm and other steps we would consider taking with you.

1. Sentry can establish different classes of shares with less frequent redemption dates. Clients investing in a class with quarterly liquidity would pay a lower fee than those in the monthly class. An annual liquidity class with even lower fees could also be offered. These changes could be implemented effective as early as April 1, 2009.
2. Alternatively, you might consider requiring all of the split strike accounts, which are pools or funds, to agree to change to quarterly redemptions effective April 1, 2009. We would strongly support such a change. In our opinion, such a change is perfectly justified given the outflows during periods of outperformance and that the industry will be moving in this direction. While we would expect to initially see further redemptions if the fund changed to quarterly liquidity, we would expect to recoup such redemptions over time and have a more stable fund for your traders.
3. We have taken a number of steps with our other funds in order to put all of our investable capital in Sentry and the new split strike strategy which we call Emerald. While the full results of this strategy will take a few months to take effect, they will include:

Bernard L. Madoff Investment Securities LLC

December 10, 2008

page { PAGE } of 2

- investments in Sentry by existing Fairfield funds (~\$100mm)
  - liquidating other Fairfield funds and transferring the assets to Sentry and Emerald (up to ~\$150mm)
  - purchases by the firm of Sentry positions from clients rather than having them redeem from Sentry (~\$150mm)
  - investments by individual partners of the firm in Sentry and Emerald (~\$50mm)
4. We are, as would be expected, aggressively cutting fees for new subscriptions and offering significant fee-sharing incentives to our agents and finders.

Additionally, we would like to address your concerns regarding our ability to raise assets for the new strategy, Emerald, that we first discussed exactly one month ago. Per our discussions, we have limited the offering to a select number of discreet investors and have required all of these potential investors to sign non-disclosure agreements before they receive any written materials on Emerald. Also, to avoid having other split strike funds approach you with concerns about Fairfield's offering of Emerald, we have structured the offering so that our Swiss private bank affiliate is manager of the Emerald fund and so that Fairfield's advisory entities are not involved with Emerald. Despite these obstacles, combined with the difficult environment we are in, we have raised over \$60 million in the short time since we have begun working on this exciting opportunity. We are confident that we will raise all the assets you seek for the new strategy. However, we ask for your patience while our marketing plan takes effect. Enclosed please find copies of the Emerald non-disclosure agreement and the Emerald private placement memorandum.

Finally, we apologize for failing to keep you informed of pending redemptions in a timely manner. We will strive to improve communications between our firms through more frequent reporting of redemptions and subscriptions as received.

Our firm is very dependent on its relationship with your firm. You are our most important business partner and an immensely respected friend. As a firm, we are prepared to commit to dedicating ourselves exclusively to Sentry and Emerald. Throughout 2009, we will engage in no other fund-raising initiatives. Our mission is to remain in business with you and to keep your trust.

Andres, Walter and I would like to come and speak with you in person. All three of us will be available to meet with you next week. If more convenient for you, Walter and I are available to come over this week. I will follow-up by telephone to arrange the meeting.

Best regards,

Jeffrey

## **Exhibit 12**

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**Subject:** BLM Operational Due Diligence  
**Date:** October 2, 2008  
**Attendees:** Bernard L. Madoff, Frank Di Pascali, Walter Noel, Jeffrey Tucker, Mark McKeefry, Amit Vijayvergiya (by phone)  
**Location:** Offices of Bernard L. Madoff Investment Securities, LLC

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**PREAMBLE**

**1) Comments on BLM's market making business and profitability:**

- Marketing making business has improved in profitability dramatically
- This has been the case for the past year
- Order flow has increased significantly
- BLM traded 600K trades on Friday [Sep 26], and on two other days (biggest days they've ever had)
- Average trading volume is around 250K – 400K per day
- When BLM executes 600K trades, he is not doing so at great profit, basically just to do the trade, accommodate the client.
- For a number of years their market making business was only running at a slight profit, but became a significant profit center again in the last year.
- BLM implied that some broker dealers probably considered closing their marketing making business pre-2007 (he claimed he never did).
- Currently the market making side of his business is more profitable than the proprietary trading side – this is not due to spreads widening – still only 1 penny b/a spread.
- Although market making profits have increased, it is not as profitable as when they used to make 30% on capital.
- Now they can make 10 – 15% on capital in their market making business and they have no risk in this business because they usually go out flat at the end of the day. This is a good, relatively low risk business for BLM.
- They believe that this will last a very long time. Why? Because the rise of ECN's and electronic trading networks (which provide very efficient low cost execution with good liquidity) that offer access to 'dark pools' of liquidity.
- BLM indicated that a great deal of liquidity in U.S. equities is available across U.S., and Europe – this is the way things work now and will likely continue working in the future.
- BLM has great access to liquidity and can offer this to both their SSC and market making business clients.
- The proprietary side of the business is still profitable for them.
- AV's NOTE: BLM has three business lines:
  - **Market Making:** high volume, low margin; profitable; volumes picking up
  - **Proprietary trading:** profitable; BLM trades about \$700MM of firm capital

- **SSC strategy:** profitable; BLM earns about 90bps of AUM; BLM previously indicated that he executes about \$20 billion, implying gross annual brokerage receipts of about \$180MM; this is likely his most profitable business line

**2. Comments on DD meetings:**

- BLM received a call from a friend of his at JPM who said he needed BLM to meet with some of the JPM people from London in order to do DD to provide leverage to some of BLM's clients incl Sentry. BLM refused.
- Same thing one week later. BLM refused; didn't want to 'just shake hands' and 'show them his office'. BLM says this is unbelievable.
- This is indicative of what's going on out there. Aversion to leverage, complex products that no one really understands.
- Even Risk Management departments who questioned these products were turned down b/c profits were so enormous.
- Recounted a story with ex "?" of Goldman Sachs; retired 5 yrs ago as second largest s/h who used to be in charge of equity derivatives desk.

**3. Comments on current issues affecting Wall Street:**

- The first problem with demise of Wall Street was that after Wall Street firms became public companies, their partners no longer had incentive to stay on top of it and firms began to manage to quarterly results.
- The partnership model was excellent and served to align the interest of clients with management.
- As investment banks began to manage for quarterly profits, and as profit margins in traditional business lines began to shrink, firms like Lehman started to do more esoteric, derivative products that were approved b/c they chased profits.
- Ultimately led to their demise and the current systemic problems

**4. Comments on the government rescue package to unseize credit markets**

- Government has no choice but to pass the bill

**5. Comments on BLM's great aversion to leverage:**

- BLM's experience having built a business from the ground up
- Not having much money in the early days

GENERAL

Please provide a list of key personnel involved in the split-strike conversion ("SSC") strategy. Provide a brief description of their roles.	The people involved in the SSC strategy are traders, system analysts, programmers and operations people. No names given.
Is there a succession plan in place? If yes, please provide details.	<p>Yes. BLM responded that no one has a right to know. It involves family and others who have great experience with the strategy. BLM says what guarantee will client give to remain in SSC if he lost 2%</p> <p>How long does BLM intend to be in business? Very long time</p> <p>Though BLM gave no specific details about the successions plan, he has 2 sons, Mark and Andrew Madoff who each head the listed and unlisted business lines. Additionally, Frank Di Pascali has worked the firm for 32 years and is primarily responsible for SSC operations.</p>
Provide a general description of the team responsible for executing the SSC strategy.	See above
<b>TRADING</b>	
<i>Trading Process</i>	
Describe procedures for trade entry and trade processing.	Not answered
Who authorizes the trades of the SSC? In the event that this person is not available, is anyone else authorized to trade the SSC?	<p>Bernie is only the one authorized to initiate the trades of the strategy. Bernie is always available to authorize the trade, wherever he is, but he is almost always in NYC.</p> <p>The models will tell them if correlation is being broken</p> <p>About 6 people make the call on when to enter and exit the strategy. Bernie is the only one authorized to make the final decision to enter or exit.</p>
Who is responsible for actually placing the trade orders of the SSC?	Traders, under the direction of supervisors
Who monitors trading?	Bernie, senior traders, and systems analysts that monitor the models. A number of people monitor the strategy each day once it has been implemented (incl compliance guidelines). About 6 ppl make the decision on when to exit the strategy.
How is unauthorized trading controlled?	<p>Supervisors oversee the traders who place the orders into their order entry system. Traders cannot access the system without a supervisor first entering their password.</p> <p>BLM is req'd to hold training seminars for his traders on unauthorized trading; his traders questioned why this was necessary because no one has access to information that they might be able to trade on.</p> <p>The system is automated to block or lock-out traders from trading in a stock until customer orders are completed.</p>

	BLM gave example of a short sale in London (they inadvertently made a short sale after the short selling ban had been placed and proactively notified the FSA); they are trying to automate the lock-out of stocks on the 'no short selling' list
How are executed trades allocated to accounts? Please explain in detail, particularly with respect to split fills.	Prorata based on assets.  Split fills are also allocated prorata based on assets. You can verify this because returns between accounts are exactly the same except for fees
Who controls asset splits between trading books?	?? Assume supervisors (ie Frank?)
What front office system is used? Describe the capabilities and any known limitations.	Proprietary systems called "MISS" – Madoff Integrated Support System – that takes feeds from many market sources, including BBG, Thompson and other data sources. BLM has their own 'ticker plant' that is also proprietary. BBG does not have this. BLM developed this system. They hired people who wrote the software, they worked at BLM for a long time as consultants from an external software development firm; then BLM hired the main developers so they could continue to build and maintain the systems in house  This basic system was sold to Goldman, after stripping away the parts that were proprietary to BLM.  An important part of the NASDAQ platform was built by a BLM employee, Mr. Cassanova, who was seconded to NASDAQ for a year and a half.
What percentage of the trading of the SSC is completed electronically?	100%
What back office system is used? Describe the capabilities and any known limitations.	Hardware is IBM; software is proprietary
<b>Options</b>	
Provide details of the trade execution process for options.	Pricing and liquidity are negotiated by phone. Contracts are settled electronically (note: this is industry standard for OTC derivatives)
What is the reconciliation procedure for option trades?	Locked-in trade, settled electronically. Once the liquidity and price has been negotiated, it is uploaded in to their system. At that point the trade is 'locked-in' and there is no walking away from it.  Rarely any errors and omissions or operating breaks. BLM doesn't have these because 95% of their trades are locked-in, automated trades therefore they don't have the same levels of errors and omissions ("e&o") as other brokerage firms that do things more manually.  If they do 300,000 trades in a day, they may see less than 5 errors reported the next day (ie "you can count them on one hand")  Frank gave the story of an NYSE trader that made a good living trading out of the errors of brokerage firms

How often is reconciliation performed?	Every morning a 'break sheet' (aka 'exception report') is produced. BLM's policy is that all errors must be closed out by the next day.
Describe the process and controls for settlement of option trades.	Electronic settlement
Describe the process and controls for dealing with trade errors and omissions for options.	Options errors are very rare because they are negotiated in advance and locked in their trading system with the c/p. There are typically very few errors; all must be resolved by next day
Please describe the procedures relating to collection of performance assurance (T-Bills) from options counterparties in connection with long put option purchases and, if relevant, payment of performance assurance to options counterparties in connection with short call option sales.	<p>c/p risk is limited by the amount of performance assurance held on behalf of their clients like FGG. They look at this performance assurance daily.</p> <p>Example: If I'm an institution that enters in to an OTC contract with GS, I'd have to post performance assurance to GS. Although GS would be required to put up performance assurance, a derivatives dealer is not required to do so, which is why BLM says he stopped dealing with derivatives dealers years ago and now goes directly to the other side (verify this -- not sure I recorded this correctly)</p> <p>BLM will not disclose the names of the c/p's 'for obvious reasons' (ie confidentiality)</p> <p>BLM holds the collateral at the level the negotiated margin ratio (ie between 15% and 25%, depending on the c/p) and this is marked to market on a daily basis.</p> <p>Frank said that Sentry does NOT have any direct c/p exposure because the trades are 'pooled on the A side' and 'pooled on the B side'. For example, CS acts as Agent and pools a lot of their clients' options trades and 'faces off' against BLM who also acts as Agent and also pools their clients' trades.</p> <p>All the c/p's are large institutions.</p> <p>BLM conducts c/p credit assessment, but he is most focused on the collateral that he receives from all c/p's who sell puts.</p> <p>Puts and calls are not necessarily matched at each c/p. Although BLM may choose to trade the same number of puts and calls with the same c/p, this does not necessarily need to be the case.</p>
What percentage of the value of the options is posted as performance assurance by each counterparty (please specify whether this is on market value or nominal value)?	Between 15% to 25% of the underlying in T-Bills
Are these T-Bills settled	Yes, in the name of BLM (must verify this with MM/JT).

at DTCC? In whose name are they settled?	
<b>Segregation of Assets</b>	
Do you use third party Custodians? If so, for what purpose?	No, all SSC stocks and options are custodied at BLM
Can BLM access the assets held in our cash and margin accounts for any purpose other than trading the SSC strategy? If so, please describe.	No, hypothecation is not permitted
Can any other entity access the assets held in our cash and margin accounts under any circumstance? If so, please describe.	No
<b>CASH MOVEMENTS</b>	
Who has the authority to request the movement of cash and securities held in client accounts?	There is a list of authorized signatories  There is only one approved wire instruction on file regardless of the instructions that appear on the wire payment fax that BLM receives. In the case of FGG, this is the Fund's bank account at CITCO
Are dual signatories required? Please provide the names of people on the authorized signatory list.	Yes  Names not provided
How are transfers logged?	Everything is logged electronically
Do money movements require any independent third party signature? Are dollar limits imposed?	Yes
<b>SYSTEMS</b>	
Please describe the experience and tenure of the team responsible for developing the models/algorithms used by the split strike conversion strategy.	Between 15 years to 47 years.  Frank has 32 years with BLM
Please provide a general description of the models and algorithms and the factors upon which they are based?	Already answered in previous meetings (ie. Momentum, mean reversion, volatility, liquidity)
In addition to producing entry and exit signals of when to trade the SSC strategy, do the	Yes. Liquidity screens are an important part of the models. This relates to the stocks and options and is essential in determining when to enter or exit the strategy (ie. the amount of available liquidity in cash market equities is evaluated as is the amount of liquidity in the OTC

models/algorithms also indicate the percent of assets to deploy in the SSC strategy on any given trade day? If not, how is this decision made?	options market). The derivatives dealers initially provide 'indications of interest' relating to the amount of options they would be willing to trade (ie level of liquidity). When it comes time to actually trade the options, the price and quantity is negotiated and 'locked-in' (ie. Commitment to trade is established) and the trade is uploaded into BLM's system and settled electronically.
Have there been any changes to these models/algorithms in the past 3 years? If yes, please describe.	Yes, they are always looking at the models and fine-tuning them.
How many years of market data are used in the models/algorithms?	They are using their own data and ticker plant. This ticker plant can provide tick by tick data back 30 years at any point in time (to the second).  2 years of historical data is used to feed the models
<b>RISK MANAGEMENT &amp; INVESTMENT COMPLIANCE</b>	
Please describe the systems, and procedures used to monitor compliance with the terms and conditions governing the execution of the SSC strategy (as outlined in the Trading Authorization agreement and the Terms & Conditions for Options Transactions). How frequently are these limits monitored and by whom?	The same models that are referenced in the Terms and Conditions are used to monitor the entry/exit. Correlation is monitored daily. BLM has not been in violation.  Occasionally correlation has drifted down to the 95% level; BLM has exited the strategy when this has happened.
What actions would be taken if any of these limits were violated?	If correlation limit were to be breached, BLM would liquidate
Have any of these risk limits ever been violated? If so, when was the last time?	No
Do you trade the options upon completion of the stock basket trades on any given day, or are you trading the options positions at the same time as you trade the stocks (either buy or sell)?	Although there can be up to an hour between the time that stocks are purchased and the time that the corresponding puts are purchased, the time delay is typically not great. The puts are not, however, simultaneously purchased with the equities therefore there is some market risk.
Could there ever be a situation where an SSC	Yes, but very limited. BLM has previously mentioned that this may be about 1 hour.

<p>client would have a stock basket unhedged for a period of time (i.e. during an implementation, exit or an options roll)?</p>	
<p>Do the long stocks held in the cash accounts cover the short calls held in the margin account? Can this be considered a form of collateral to the options counterparties that bought calls from the SSC account?</p> <p>If so, is there any circumstance in which these options counterparties that bought calls from the SSC accounts seize the stock</p>	<p>Yes. You can consider this a covered call – the amount of calls sold can not be greater than the amount of stock purchased.</p> <p>There is no circumstance in which an options c/p can seize stock (MM/JT to verify)</p>
<p><b>CAPACITY MANAGEMENT</b></p>	
<p>What is the maximum capacity of the SSC strategy?</p>	<p>Not answered</p>
<p>What is the projected time frame to reach capacity?</p>	<p>Not answered</p>
<p><b>DOCUMENTS REQUESTED</b></p>	
<p>Please provide the following documents:</p> <ul style="list-style-type: none"> <li>a. an organization chart</li> <li>b. proxy voting policy</li> <li>c. waiver of hypothecation</li> <li>d. OTC Options Risk Disclosure Statement</li> <li>e. Code of Ethics</li> <li>f. Advisor's Policy Statement on Insider Trading</li> <li>g. SAS 70 internal Controls Report</li> <li>h. Current Form ADV Part II</li> </ul>	<p>We asked for the Form ADV Part II – not clear whether BLM will provide the current 2008 version.</p> <p>I'd like to follow up with BLM to receive items c, e, f, and h</p>

BLM and Frank were sensitive that the topics discussed during this meeting be kept confidential (ie. 'we not record' this meeting).

## **Exhibit 13**

**From:** Jeffrey Tucker [jeffrey@fggus.com]  
**Sent:** 3/24/2006 3:35:49 PM  
**To:** Mami Hidaka [mami@fggus.com]; Amit Vijayvergiya [amit@fggus.com]  
**CC:**  
**Subject:** RE: Sentry

not averse but we would have to make happen without visiting Madoff.

-----Original Message-----

From: Mami Hidaka  
Sent: Friday, March 24, 2006 9:35 AM  
To: Jeffrey Tucker; Amit Vijayvergiya  
Subject: Sentry

Dear Jeffrey and Amit –

Meanwhile, I had a separate meeting today. Nomura would like to know if Sentry could be used as an underlying single fund for a structured product. Just yesterday, they decided that they want to find a product to structure which would look like a 10 year note which would pay out an annual income of 2x the sharpe ratio of the underlying fund. They thought Sentry might be perfect for this type of product.....but are we averse to this type of structure?

Thanks,

Mami

## **Exhibit 14**

**From:** ECHEVARRIA Victor <veche@efg.com>  
**Sent:** Monday, March 3, 2003 12:13 PM  
**To:** CAMPANO, Sixto <SCampano@EFGCapitalMiami.COM>  
**Subject:** FW: Meeting at Fairfield Greenwich Group New York (FGG)  
**Attach:** Fairfield Memo.FGG.doc

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FYI

-----Original Message-----

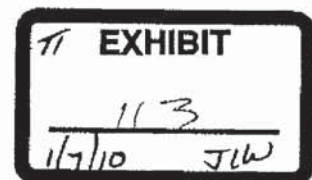
**From:** NUSSLE Isabel  
**Sent:** Friday, February 28, 2003 5:28 AM  
**To:** HOWELL Lawrence; CADUFF Markus; RANIERI Marco; ECHEVARRIA Victor  
**Subject:** Meeting at Fairfield Greenwich Group New York (FGG)

Please see attached Memo from Mats Pehrsson

Thank you

Isabel Nussle

<<...>>



Confidential  
EFG\_Cap\_E-0007758

- 1 -

TO : FILE /FAIRFIELD SENTRY/DISCOVERY  
GROUP

FROM : MATS PEHRSSON

CC : LONNIE HOWELL, MARKUS CADUFF,  
MARCO RANIERI & VICTOR ECHEVARRIA

DATE : February 24, 2003

SUBJECT: Meeting at Fairfield Greenwich Group New York  
(FGG) with

- Discovery Group: Johan Sandberg and Jan Burén
- FGG: Gregory Bowes, Daniel Lipton, Jeffrey Tucker and John Wartman

**1. Purpose of Meeting**

- To introduce Sandberg and Burén to EFG
- To find out more about Fairfield Sentry

**2. Planned Offshore Fund (Sandberg & Burén)**

- Sandberg and Burén went through long questionnaire focusing mostly on Fairfield Sentry which currently captures 80% of FGG's AUMS.
- Sandberg wants to use Fairfield Sentry (50%) and 2 other of FGG Funds (with each 25%) as feeder funds for a new offshore fund (to be administered by and custodized with EFG Lux). We would split the the retro from FGG (25% of FGG's fees) with Sandberg on a ratio yet to be agreed.

**3. Fairfield Sentry (F.S.)**

- F.S. is a hedge fund with a comparatively conservative equity-based strategy and with a moderate equity-long bias. The fund has some USD 4 bln in assets and a 15-year live track-record.
- F.S., typically, takes a long position in 30-40 of the leading S&P 100 stocks (which as a group should have a 95% correlation with the index) and simultaneously hedges this long position fully (for the same USD amount) by buying S&P 100 Puts that are 2-3% out-of-the-money and

- 2 -

expire after one month. These positions are normally taken when an up-move in US equities is expected. If not, the fund is 100% in cash (T-Bills). Shortly after taking the equity and put positions, S&P 100 2-3% out-of-the-money calls with the same expiry as the Puts are sold for an underlying amount corresponding to the USD-amount of the aggregate equity long position. Frequently, the calls are not done at the same time as the first 2 transactions but with a certain time delay to enhance the return in an upmoving equity market. In 2001 and 2002, F.S. was in cash 50% of the time, on average, on a month-to-month basis.

- F.S. is managed by Bernard L. Madoff Securities LLC, New York (=MS). Established in 1960 by Bernard Madoff, MS is a US Broker Dealer and one of the largest market-makers in US equities (S&P500 & 200 NASDAQ Stocks) with some USD 450 million in capital. The firm employs some 250 staff including Bernard's brother, Peter Madoff who joined in 1970, and other family members. It is located on Third Avenue, a few blocks away from FGG.
- The creation of a London affiliate, Madoff Securities International Ltd., in 1983 has enabled the firm to develop an increasingly important position in the global securities marketplace. Madoff International has become one of the largest dealers in listed and Nasdaq US equities in London.
- Bernie Madoff (61), founder and owner of Madoff Securities, started his equity strategy 35 years ago, initially for US high net worth individuals. The key to his success and the very stable performance of F.S., most likely lies in his market making function: FGG said "off-the-record" – that MS is "cheating" and that there is a "hole in the " Chinese wall" which is supposed to separate the market making from the fund managing function." Due to MS' role as a leading market maker, the firms sees the whole market and where it is heading (it sees the floors, stop-loss levels and other limits and therewith related volumes). If an upmove is imminent or a positive bias is being formed, they are the first to see it (and can be the first to act on it, as well).
- MS have often been criticized for front-running and for subsidizing Fairfield Sentry. According to FGG, front-running would be detected by the firm's auditor and subsidizing is not a reality as Madoff Securities is contractually bound to a market price +/- 4 cents per share formula with FGG.
- MS has one of the most sophisticated disaster recovery facilities found anywhere in the securities industry. In addition to its offices in Manhattan, MS maintains a fully equipped and staffed facility located near LaGuardia Airport. This office duplicates all of the features of the primary MS offices. MS' disaster recovery facility is not just an alternative trading room, but rather a full-fledged office which is equipped to receive and transact orders and to handle the clearing and settlement process as well. Under the supervision of a facilities manager, this unique on-line facility is tested continuously to ensure that it is prepared to take over the firm's

operations if any kind of disaster were to affect the Manhattan office. Members of the firm's staff are rotated through the facility and regularly perform their work from it. Thus, there is always staff on hand in case disaster strikes at the firm's main office. The disaster recovery facility is on a different electric power grid than the main office, and it is served by a different telephone central office. The facility also has its own electrical generator.

4. **Other important activities of Bernard Madoff and Peter Madoff**

Bernard L. Madoff has been a major figure in the National Association of Dealers (NASD), the major self-regulatory organization for US Broker/Dealer firms. This firm was one of the five Broker/Dealers most closely involved in developing the NASDAQ Stock Market. He has been chairman of the board of directors of the NASDAQ Stock Market as well as a member of the board of governors of the NASD and a member of numerous NASD committees. He has also served as a member of the board of directors of the Securities Industry Association.

Reflecting the growing international involvement of the firm, when MS opened a London office in 1983, it became one of the first US members of the London Stock Exchange. Bernard Madoff was also a founding member of the board of directors of the International Securities Clearing Corporation in London.

Peter B. Madoff has also been deeply involved in the NASD and other financial services regulatory organizations. He has served as vice chairman of the NASD, a member of its board of governors, and chairman of its New York region. He also has been actively involved in the NASDAQ Stock Market as a member of its board of governors and its executive committee and as chairman of its trading committee. He also has been president of the Security Traders Association of New York.

Bernard and Peter Madoff have both played instrumental roles in the development of the fully computerized Cincinnati Stock Exchange. Peter Madoff has been a member of its board of governors and has served on its executive committee. They have helped make the Cincinnati Exchange the fastest growing regional stock exchange in the US.

These positions of leadership not only indicate the deep interest MS has shown in the industry, they also reflect the respect the firm and its key individuals have achieved in the financial community.

**5. The black-box problem at Fairfield Sentry  
(and how FGG is handling it)**

**The Problem :**

1. MS is investment advisor/manager and custodian and prime broker for the fund resulting in reduced transparency.
2. Fairfield's auditors (PWCL) rely largely on information provided by MS' auditors which is not one of the leading names.

**Comments:**

According to FGG, PWLC does also continuously perform random checks of MS trades done for Fairfield Sentry, directly at the source (not relying on MS auditors' input); i.e. at the premises of MS. If this applies, the second problem may be less of a problem. MP to check this with PWCL.

In addition, Jeffrey Tucker of FGG, who allegedly has known B. Madoff since 10(-15) years, has once spent about a week with MS to check that trades and positions were all a match between FS, MS and the DTC (clearing agent level). The result was fully satisfactory to FGG.

During my visit at FGG, I was shown account statements of FS' account with MS. It looked normal. I was not allowed to keep any copy.

**6. Visit to Fischer Francis Trees L. Watts, Inc.**

- Met with Stewart Russell (MD) and Blair Keller (Manager of Alternative Strategies) of this fixed-income manager which is partly controlled by BNP (40% control 60% money?).
- Fund is conservatively managed relying on a highly diversified exposure in a variety of global markets. The Fund takes long and short positions in investment grade paper, government bonds and asset-backed bonds.
- Procedures are all very transparent. Would be one of Sandberg's FGG funds.

**7. Summary**

Yes, Fairfield Sentry is and remains something of black box because of the concentration of all major functions with SM.

Yes, the black box structure undoubtedly also has a potential to benefit FS (quick reaction to emerging market changes).

- 5 -

Yes, MS role as major market-maker in exactly those equities that FS is invested in is a clear benefit to Fairfield Sentry, as it facilitates the timing aspect of each investment made by MS (MS “sees the entire market”). This could also explain much or all of Fairfield’s stable and good track record.

Yes, both FGG and the auditors of FS have performed (and the auditors continue to perform) random checks with MS directly, which lessens the dependency on MS own auditors somewhat.

## **Exhibit 15**

**From:** Andrew Smith [andrews@fggus.com]  
**Sent:** 10/12/2004 3:05:19 PM  
**To:** Amit Vijayvergiya [amit@fggus.com]; Jeffrey Tucker [jeffrey@fggus.com]  
**CC:**  
**Subject:**

Can you guys do a brief meeting/call with a client called Giroscopic, they are a sophisticated group that has in the mid single digit millions in Sentry via UBP. They can come by the ny office at 2 pm tomorrow, Wednesday, and meet with us here and we can patch you in Amit.

If you cannot make it, is there anyone else that can substitute. I can handle the firm overview and the Sentry overview, I am just not currently up to speed on the sentry portf or the risk. Please advise.

A

-----  
Andrew Florin Smith  
Chester Global Strategy Fund  
Irongate Global Strategy Fund  
Fairfield Greenwich Group  
Tel UK: +44 (0)20 7534 9244  
Mobile UK: +44 (0)778 999 1878  
Fax UK: +44 (0)20 7534 9245  
Tel US: +1 212.319.6060  
Direct US: +1 212.991.5272  
Mobile US: +1 917.714.4300  
Fax US: +1 212.319.0450  
www.fggus.com

## **Exhibit 16**

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**From:** Jeffrey Tucker [JMCEAEX-\_O=FAIRGREENGROUP\_OU=FIRST+20ADMINISTRATIVE+20GROUP\_CN=RECIPIENTS\_CN=JEFFREY@fairdomain01.com]  
**Sent:** Monday, March 31, 2003 1:22 AM  
**To:** Rob Blum [rob@fggus.com]; Dan Lipton [dan@fggus.com]  
**Cc:** Greg Bowes [greg@fggus.com]; Harold Greisman [harold@fggus.com]; Andrew Ludwig [andrewl@fggus.com]  
**Subject:** RE: Fairfield Sentry Monthly Commentary Template Suggestion

We do lots of calls and meetings telling people what went on in the fund. I think #3 will have too many call ins with a good chance for subsequent static. #4 is ok with me if we avoid script availability. #5 is also ok but the written word seems to come back and bite us with Bernie. I'm between 4 and 5. I think 4 would be a labor saving device and I would be inclined to try it. Do you think Alice Bingaman, Coutts, etc. would still seek their meetings?

-----Original Message-----

**From:** Rob Blum  
**Sent:** Tuesday, March 25, 2003 9:09 AM  
**To:** Dan Lipton; Jeffrey Tucker  
**Cc:** Greg Bowes; Harold Greisman; Andrew Ludwig  
**Subject:** RE: Fairfield Sentry Monthly Commentary Template Suggestion

As previously discussed, the options are to:

1. Do a monthly recap down the lines of dan's periodic "Bernie's in or out emails", and put it in the tear sheets as a paragraph. Problem is that even if we haze up the details, and don't give strike prices etc, this still makes his activities transparent to the world and easily accessible by most in the industry, and Bernie probably wouldn't like that.
2. Do the same monthly recap down the lines of Dan's periodic "Bernie's in or out emails" per above, but only make it avail to our sales people and on request to clients. Problem is that salespeople like Lourdes will blast it to the world, resulting in sensitivity to issue in first choice above.
3. Do a one time teleconference call quarterly, that clients can listen in on (and permit questions), where we describe what went on -- problem is that unless heavily scripted, I'm afraid of what might be said to give the wrong impression.
4. Do a QUARTERLY (not a monthly) 5 minute webcast, **totally scripted**, of what happened this quarter, on a three week lag after quarter end (this would be our most successful tool to **really** drive FGG website traffic). We can either provide or not provide transcripts. Negative to this is it obviates the need for quarterly or semi-annual meetings with some of our clients who might not need more than the webcast, thus limiting our ability to maintain a relationship (however, it is scalable in this regard as well, and just means we must do a better job reviewing our client list and making sure we get around to all of our clients regularly).
5. Just give people a semi-annual recap on Bernie's activities in the semi-annual seedling letter we promised the board we would do to update people on seedling activity. As Dan notes, he is working on the Sentry portion of that now, and is supposed to write the lead in high level metrics part to the seedling portion. I don't know who is supposed to write the paragraph's on each seedling manager though (I would assume Harold, but haven't spoken to him yet), and we need to establish a process fro this (I also note that Q1 FIF letter is right around the corner Greg).

My vote: #5 -- get out the semi-annual recap letter FAST instead of dicking around with it until Memorial Day (i.e., Dan, assuming Bernie is now in cash, I really would love your draft by the end of this week so I can read this weekend -- we will fill in numbers later). I can also see doing #4, without a transcript provided.

Jeffrey, I think it is up to you to determine what you definitively want to do, and make it a rule we stick to.

Regards,

Robert A. Blum  
Fairfield Greenwich Group  
919 Third Avenue, 11th Floor  
New York, NY 10022  
Direct: 212-991-5230  
General: 212-319-6060  
Fax: 212-319-0450  
Email: rob@fggus.com

-----Original Message-----

**From:** Dan Lipton  
**Sent:** Tuesday, March 25, 2003 8:41 AM  
**To:** Jeffrey Tucker  
**Cc:** Rob Blum  
**Subject:** RE: Fairfield Sentry Monthly Commentary Template Suggestion

We are doing a semi-annual letter for sentry, but I do get numerous requests from the sales force like the below, which I tell them that it is Jeffrey's call about writing anything. I also tell them their clients are welcome to come in and review the statements. I also give several investors a brief verbal summary of what Sentry did for the month, like Momentum, Abu Dhabi, Dave McMillian etc.

Dan

Daniel E. Lipton  
Fairfield Greenwich Group  
919 Third Avenue - 11th Floor  
New York, NY 10022  
212-991-5265 - Direct  
212-319-6060 - General  
212-319-0450 - Fax

-----Original Message-----

**From:** Adam Horne  
**Sent:** Tuesday, March 25, 2003 6:11 AM  
**To:** Andres Piedrahita  
**Cc:** Rob Blum; Dan Lipton; Jeffrey Tucker  
**Subject:** Fairfield Sentry Monthly Commentary Template Suggestion

Andres

Further to our discussion what would be great to see on Sentry is a monthly commentary in the tear sheet. As long as we know the components (puts, calls, stock portfolio and cash) of the performance on a monthly and cumulative basis, this would provide good communication with the investors

FOR ILLUSTRATIVE PURPOSES BELOW

**Monthly Commentary**

"In March, FS was up [2%], [3%] year-to-date. On a monthly basis, attribution came from:

- the S&P 100 puts of various durations were down [-0.5%];
- the S&P 100 calls written against the stock portfolio added [0.2%];
- the equity portfolio of many S&P 100 stocks added [1.3%]; and
- short dated treasuries contributed [0%].

Year-to-date, attribution came from:

- the S&P 100 puts of various durations were up [1.5%];
- the S&P 100 calls written against the stock portfolio added [0.4%];

- the equity portfolio of many S&P 100 stocks added [1.1%];and
- short dated treasuries contributed [0%]."

Adam Horne

**Caledon Capital Partners LLP**

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## **Exhibit 17**

**From:** Amit Vijayvergiya [AMIT@fairdomain01.com]  
**Sent:** 7/21/2003 10:20:39 PM  
**To:** Amit Vijayvergiya [amit@fggus.com]  
**CC:**  
**Subject:** Tear Sheet Production Process

-----Original Message-----

From: Dan Lipton  
Sent: Tuesday, July 15, 2003 1:39 PM  
To: Amit Vijayvergiya  
Cc: Nancy Ng; Rob Blum; Gordon McKenzie; Laurie Schwarz; Stephanie Ho; Dan Lipton; Mayya Molchan; Nancy Ng  
Subject: RE: Sentry June tear sheets

I think this is how the process should work: (I guess since you had a bad connection on our conference call last week, this will be clearer)

Once Bermuda has approved the Sentry related financials and you get sign off by NY then Bermuda should approve the NAV to Citco. Once that happens, Bermuda should create the tear sheets, NY approve them and then Bermuda PDF them and send it to Laurie who will post it on SLX and s: drive for distribution.

How does that sound?

Dan

Daniel E. Lipton

Fairfield Greenwich Group

919 Third Avenue - 11th Floor

New York, NY 10022

212-991-5265 - Direct

212-319-6060 - General

212-319-0450 - Fax

-----Original Message-----

From: Amit Vijayvergiya

Sent: Tuesday, July 15, 2003 9:15 AM

To: Dan Lipton; Nancy Ng; Rob Blum

Subject: Sentry June tear sheets

Please find attached the tear sheets for Sentry Class A & Class B for distribution.

Regards,

Amit

Amit Vijayvergiya, CFA  
Fairfield Greenwich (Bermuda) Ltd.  
Suite 606

12 Church Street  
Hamilton, Bermuda HM 11  
(441)-292-5401 - Main  
(441)-292-5413 - Fax

[www.fggus.com](http://www.fggus.com)

## **Exhibit 18**

**From:** Laurence Birdsey [laurence@fggus.com]  
**Sent:** 8/7/2006 3:15:27 PM  
**To:** Sally Edwards [sedwards@fggus.com]  
**CC:** Anthony Dell'Arena [anthony@fggus.com]; Amit Vijayvergiya [amit@fggus.com]; Gordon McKenzie [gordon@fggus.com]  
**Subject:** FGBL files

Hi Sally – These are the folders we have in the NY office:

Fairfield Greenwich (Bermuda) Limited

Agreement with Koch

Argus

Audit (internal, conducted by MM, 3.19.04)

Bermuda Monetary Authority Exemption Notification

Bi-laws & Memorandum of Association

Budget

Certificate of Incorporation

CFTC Registration Exemption

Citco Account Opening Form

Confidentiality Agreement - Sumitomo Trust

Confidentiality Agreement - MN Services NV

Corporate Secretarial Services Agreement

Custodial Agreement w/ RBC Financial

Establishing an Office

Exemption Notification

Form 13F Filings

IRS Forms 8832 & SS-4

K-1s

Lease - Par La Ville Place

Lease (Reid Street, Hamilton)

Minute Book

Minutes of Meetings

Office Lease - CDP Term Letter

Paid Bills

Pension Plan

Reorganization

Resolutions

Resumes

Shell Pensioenfonds Letter of Understanding

Fairfield Sentry Limited

2000 Audits

2002 Audits

Audit Reports

Audits (latest 6-month)

ADIA

Adm. Services Agreement

Agreement - Deferred Performance Fee

Bedford

Bermuda Notice

Blue Sky Filings

Board Minutes

Bucephale Legends Fund

CBN Account Opening Forms

Certificate of Incorporation

Certificate of Incumbency

Certificate of Recognition

Citco 1997 Annual Report

Citco Agreement (new fees, 10.1.05)

Citco Bank

Citco Fund Advisors Correspondence

Citco Global Custody Acct.

Corporate Resolutions

Correspondence

Custodial Services Agreement

DEZ Financial Management

Directors Expenses

Directors - KYC Info

FIM

Form BDs (Madoff)

Fortis

General Representation Letter

Information Memorandum

Investment Management Agreement

Irish Stock Exchange

Korea Life Letter

Legal

Letter to BBVA regarding BLM

Letter to Shareholders (re: Share Conversion)

List of Authorized Citco Signatories

Madoff Account Forms

Madoff - Trading Auth. Directive

Madoff Securities Annual Reports

Madoff Securities Internal Report

Memo. & Articles of Association

NAV

NAV release form to Criterium Capital

New Issues Eligibility

Offering Memo

Offshore Funds Directory Information

Openings

Openings 1998

Openings 1999

Openings 2000

Openings 2001

Paid Bills

Portfolio Mgmt. Report

Positions (FLEX BINDER)

Prospective Investor Profile

Purchase of Illiquid Assets

Roger Rigaud - W-8BEN, Foreign Status

Share Transfers

Shell Pension Fund Letter

Trading Authorizations from BLMIS

W-8BEN

Fairfield Sentry - Class B

Bank Opening Forms

Citco Bank

Irish Stock Exchange

Issue of Prospectus

New Issues Eligibility

Power of Attorney

Fairfield Sentry Swiss Franc Fund

Correspondence

Initial Opening

Legal

QII 1997 - Opening

QIII 1997 - Opening

QIV 1997 - Opening

Transfer to Republic Nat'l Bank

Greenwich Sentry L.P.

Agreements

Audits

Madoff Statements

Paid Bills

Portfolio Management Report

Purchaser Representative Agreement

Trading Authorization from BLMIS

US Partnership Tax Returns

JP Morgan General Statement

JP Morgan Money Market Statement

Madoff Regulatory Documents

Contributions and Redemptions

Certificate of LP

Changes in Partners Capital Account

C & M Weekly Performances

Form D

Correspondence

Form ADV

Globe Op

LP Agreement

Certificate of Good Standing -- Delaware

Restated Certificate of Limited Partnership

Certificate of Limited Partnership

Contributions and Redemptions

Gil Berman Summary

Audit Correspondence

Bermuda Notice

Solicitation Agreement w/ Burnham

Letters to Partners

Monthly Partner Statements

Quarterly Partner Statements

Partner K-1s

Investor Sub-Docs and Files

Greenwich Sentry Partners, L.P.

Certificate of Limited Partnership

We also have BML monthly statement duplicates for F. Sentry, G. Sentry, and G. Sentry Partners.

Best,

---

Laurence H. Birdsey

Fairfield Greenwich Group

919 Third Avenue, 39th Floor

New York, NY 10022

T: 212-319-6060

F: 212-752-9520

[www.FGGUS.com](http://www.FGGUS.com)

## **Exhibit 19**

Form **W-8BEN**  
(Rev. December 2000)

# Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding

OMB No. 1545-1621

Department of the Treasury  
Internal Revenue Service

Section references are to the Internal Revenue Code. See separate instructions.  
Give this form to the withholding agent or payer. Do not send to the IRS.

**Do not use this form for:**

- A U.S. citizen or other U.S. person, including a resident alien individual Instead, use Form: W-9
  - A person claiming an exemption from U.S. withholding on income effectively connected with the conduct of a trade or business in the United States. W-8ECI
  - A foreign partnership, a foreign simple trust, or a foreign grantor trust (see instructions for exceptions). W-8ECI or W-8IMY
  - A foreign government, international organization, foreign central bank of issue, foreign tax-exempt organization, foreign private foundation, or government of a U.S. possession that received effectively connected income or that is claiming the applicability of section(s) 115(2), 501(c), 892, 895, or 1443(b) (see instructions). W-8ECI or W-8EXP
- Note:** These entities should use Form W-8BEN if they are claiming treaty benefits or are providing the form only to claim they are a foreign person exempt from backup withholding.
- A person acting as an intermediary W-8IMY
- Note:** See instructions for additional exceptions.

## Part I Identification of Beneficial Owner (See instructions.)

<b>1</b> Name of individual or organization that is the beneficial owner <u>Forefield Sentry Ltd.</u>	<b>2</b> Country of incorporation or organization <u>British Virgin Islands</u>
<b>3</b> Type of beneficial owner: <input type="checkbox"/> Individual <input type="checkbox"/> Corporation <input type="checkbox"/> Disregarded entity <input type="checkbox"/> Partnership <input type="checkbox"/> Simple trust <input type="checkbox"/> Grantor trust <input type="checkbox"/> Complex trust <input type="checkbox"/> Estate <input type="checkbox"/> Government <input checked="" type="checkbox"/> International organization <input type="checkbox"/> Central bank of issue <input type="checkbox"/> Tax-exempt organization <input type="checkbox"/> Private foundation	
<b>4</b> Permanent residence address (street, apt. or suite no., or rural route). Do not use a P.O. box or in-care-of address. <u>Road town, Tortola</u> City or town, state or province. Include postal code where appropriate.	
Country (do not abbreviate) <u>British Virgin Islands</u>	
<b>5</b> Mailing address (if different from above) <u>919 Third Avenue - 11th floor</u> City or town, state or province. Include postal code where appropriate. <u>NY NY 10022</u>	
Country (do not abbreviate) <u>USA</u>	
<b>6</b> U.S. taxpayer identification number, if required (see instructions) <u>N/A</u> <input type="checkbox"/> SSN or ITIN <input type="checkbox"/> EIN	<b>7</b> Foreign tax identifying number, if any (optional)
<b>8</b> Reference number(s) (see instructions)	

## Part II Claim of Tax Treaty Benefits (if applicable)

- 9** I certify that (check all that apply):
- The beneficial owner is a resident of BVI within the meaning of the income tax treaty between the United States and that country.
  - If required, the U.S. taxpayer identification number is stated on line 6 (see instructions).
  - The beneficial owner is not an individual, derives the item (or items) of income for which the treaty benefits are claimed, and, if applicable, meets the requirements of the treaty provision dealing with limitation on benefits (see instructions).
  - The beneficial owner is not an individual, is claiming treaty benefits for dividends received from a foreign corporation or interest from a U.S. trade or business of a foreign corporation, and meets qualified resident status (see instructions).
  - The beneficial owner is related to the person obligated to pay the income within the meaning of section 267(b) or 707(b), and will file Form 8833 if the amount subject to withholding received during a calendar year exceeds, in the aggregate, \$500,000.
- 10** Special rates and conditions (if applicable—see instructions): The beneficial owner is claiming the provisions of Article \_\_\_\_\_ of the treaty identified on line 9a above to claim a \_\_\_\_\_% rate of withholding on (specify type of income): \_\_\_\_\_  
 Explain the reasons the beneficial owner meets the terms of the treaty article: \_\_\_\_\_

## Part III Notional Principal Contracts

**11**  I have provided or will provide a statement that identifies those notional principal contracts from which the income is not effectively connected with the conduct of a trade or business in the United States. I agree to update this statement as required.

## Part IV Certification

Under penalties of perjury, I declare that I have examined the information on this form and to the best of my knowledge and belief it is true, correct, and complete. I further certify under penalties of perjury that:

- I am the beneficial owner (or am authorized to sign for the beneficial owner) of all the income to which this form relates.
- The beneficial owner is not a U.S. person.
- The income to which this form relates is not effectively connected with the conduct of a trade or business in the United States or is effectively connected but is not subject to tax under an income tax treaty, and
- For broker transactions or barter exchanges, the beneficial owner is an exempt foreign person as defined in the instructions.

Furthermore, I authorize this form to be provided to any withholding agent that has control, receipt, or custody of the income of which I am the beneficial owner or any withholding agent that can disburse or make payments of the income of which I am the beneficial owner.

Sign Here \_\_\_\_\_  
 Signature of beneficial owner (or individual authorized to sign for beneficial owner)      Date (MM-DD-YYYY) 03-02-2003      Capacity in which acting V.P.





**BERNARD L. MADOFF**  
**Investment Securities**

885 Third Avenue New York, NY 10022

212 230-2424  
800 221-2242  
Telex 235130  
Fax 212 486-8178

**OPTION AGREEMENT**

TO: Bernard L. Madoff Investment Securities

RE: C & M Trading Account

1. As a sophisticated investor and trader, I am fully aware this investment technique offers no guarantee of gain or assurance against loss.
2. I am aware that C & M Trading Account has other investors and that since the account will only write (sell) covered calls against long stock positions, and buy stock index puts or puts on the individual stocks that the account owns, it is consistent with my investment objectives as well as the degree of risk I am willing to assume in relation to leveraged option trading.
3. I agree to advise you in writing of any material changes in my investment objectives, financial situation, assumption of risk or background information, insofar as such changes relate to my suitability for options transactions.
4. I herewith acknowledge receipt of an Options Disclosure Booklet which I have read.
5. Any option transaction made for my account shall be subject to the rules and regulations of the option exchanges, the NASD and the Options Clearing Corporation, or any market where the option transaction is executed.
6. Regarding any margin transactions, in the event I do not meet your margin calls promptly, you are authorized, in your sole discretion, and without notification to me, to take any and all steps necessary to protect yourself in connection with put or call transactions made for my account, including without limitation, the right to buy and sell short or short exempt, for my account, and risk any part, or all, of the shares represented by options endorsed by you for my account, or to buy, sell or exercise (including, but not limited to, exercising a long option(s), hedging short position(s) for my account, and risk any puts or calls as you may deem necessary to fully protect yourself. Any and all losses and expenses incurred by you in this connection will be reimbursed by me. However, in no event can I have losses that exceed my investment.
7. This agreement shall apply to all puts or calls which you may have executed, purchased, sold or handled for any account of mine and also shall apply to all puts, or calls which you may hereafter purchase, sell, handle or execute for any account of mine.

Affiliated with:

Madoff Securities International Ltd.  
43 London Wall, London England EC2M 5TB.01-374 0891

AMF00071609

- 8. I have received from BERNARD L. MADOFF the most recent risk disclosure documents entitled "Understand the Risks and Uses of Listed Options", "Listed Options on Stock Indices", "Listed Options on Foreign Currencies", and "Listed Options in Debt Instruments". I have read and understand the information contained in these documents.
- 9. I understand that you assign exercise notices on a random basis. Upon my request, you will provide me with further information regarding the procedure used to assign exercise notices.
- 10. ANY DISPUTE OR CONTROVERSY BETWEEN US ARISING UNDER ANY PROVISION OF THE FEDERAL SECURITIES LAWS, CAN BE RESOLVED THROUGH LITIGATION IN THE COURTS IF THE UNDERSIGNED SO CHOOSES. THE UNDERSIGNED ALSO UNDERSTANDS THAT ARBITRATION IS AVAILABLE WITH RESPECT TO SUCH DISPUTES. Additionally, all other disputes or controversies between us, arising out of your business, or this agreement, shall be submitted to arbitration conducted under the provisions of the Constitution and Rules of the Board of Governors of the National Association of Securities Dealers, Inc. Arbitration must be commenced by service upon the other of a written demand for arbitration or a written notice of intention to arbitrate, therein electing the arbitration tribunal. In the event the undersigned does not make such designation within five (5) days of such demand or notice, then the undersigned authorizes you to do so on behalf of the undersigned.
- 11. I am aware that C & M Trading Account is a discretionary account and that all decisions pertaining to buying and selling of securities are made by Bernard L. Madoff Investment Securities.
- 12. I am aware that I may withdraw my equity at any time as long as sufficient written notice is given to protect the other investors. In no event will this time be more that ninety (90) days which is sufficient time to close out any open option positions.

DATED 11/9/90

ACCOUNT NO. \_\_\_\_\_

**SIGNATURES**

(If a Corporation)

(If Individuals)

FAIRFIELD SENTRY LIMITED  
(Name of Corporation)

\_\_\_\_\_

(Second Party if Joint Account)

BY Jelley Tucker

(If a Partnership)

TITLE Secretary

\_\_\_\_\_

(Name of Partnership)

BY \_\_\_\_\_  
(A Partner)



**BERNARD L. MADOFF**  
Investment Securities

885 Third Avenue New York, NY 10022

**CORPORATE RESOLUTION**

212 230-2424  
800 221-2242  
Telex 235130  
Fax 212 486-8178

I HEREBY CERTIFY that a meeting, duly called, of the Board of Directors of FAIRFIELD  
SENTRY LIMITED a corporation, held  
NINTH day of NOVEMBER, 1990, at which  
said meeting a quorum was present and acting throughout, the following preamble and resolution was  
adopted and ever since has been and now is in full force and effect:

"WHEREAS this Corporation is duly authorized and permitted by its Charter and By-Laws to deal in  
stocks, bonds, and other securities:

NOW THEREFORE BE IT RESOLVED that this Corporation open an account or accounts in  
its name with Bernard L. Madoff Investment Securities  
and that FRED KOLBEK President

WALTER H. NOEL, JR. Vice-President

JEFFREY TUCKER Treasurer

or \_\_\_\_\_

or any one of them or their successors in office, may on behalf of this Corporation, (1) give  
orders in the said account or accounts for the purchase, sale or other disposition of stocks,  
bonds, and other securities, (2) deliver to and receive from Bernard L. Madoff Investment  
Securities in behalf of this Corporation monies, stocks, bonds, and other securities, (3) sign  
acknowledgments of the correctness of all statements of accounts and (4) make, execute and  
deliver under the corporate seal any and all written endorsements and documents necessary  
or proper to effectuate the authority hereby conferred; the within authorization to each of said  
officers to remain in full force and effect until written notice of the revocation thereof shall have  
been received by them.

I FURTHER CERTIFY that the following are the signatures of the officers (or others) authorized by  
the foregoing resolution to act for this Corporation:

Fred Kolbek  
Walter H. Noel, Jr.  
Jeffrey Tucker

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of said Corporation this  
NINTH day of NOVEMBER, 1990.

Seal

Affiliated with

Madoff Securities International Ltd.

43 London Wall, London England EC2M 5TB.01-374 0891

Jeffrey Tucker  
Secretary



**BERNARD L. MADOFF**  
**Investment Securities**

885 Third Avenue New York, NY 10022

212 230-2424

800 221-2242

Telex 235130

Fax 212 486-8178

### MANAGED ACCOUNT AGREEMENT

AGREEMENT, dated as of 11/9/90 by and between C&M Trading Account ("Account") and Bernard L. Madoff ("Madoff") a registered Broker Dealer under the laws of the United States Securities & Exchange Commission and the State of New York.

#### **WITNESSETH:**

WHEREAS, this "Account" has been organized for the principal purpose of investing its funds and assets in securities;

WHEREAS, the "Account" desires to avail itself of the advice, experience and assistance of Madoff with respect to the "Account",

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, the "Account" and Madoff hereby agree to the establishment of the Account and further agree to the appointment of Madoff as discretionary account manager with respect to the Account, on the following terms and conditions:

1. The Account. The Account (which shall be known as the "C&M Trading Account" or such designation as the parties may mutually agree) shall consist of such cash, securities or other assets deposited therein by the "Account" in accordance with this section or which shall become part of the Account as a result of transactions therein or otherwise.
  - (a) Each Participant in the Account shall retain an ownership interest in the Account in proportion to the amount of their respective contribution to the Account.
  - (b) The Participants in the Account may in their discretion make additions to or withdrawals from the Account to the extent of their respective interests therein at such times as they shall determine, provided that at least ninety (90) days' prior written notice of any withdrawal is given to Madoff.
  - (c) Except as otherwise instructed by the parties, all dividends, and interest and other amounts earned or realized by the Account shall be retained therein for investment.
2. Allocation of Gains and Losses. The Participants, as tenants in common, shall have an undivided interest in the Account in proportion to the amount of their respective contributions to the Account pursuant to Section 1(a), adjusted for any subsequent contributions and any withdrawals and shall share in any Net Gain or Loss pro rata in accordance with the balance of their contributions.
3. Authority of Madoff. Madoff shall have full discretion and authority to manage the investment of the Account and shall use its best efforts to increase the value of the Account by causing the assets therein to be invested and reinvested in such manner as Madoff considers appropriate. In furtherance of the foregoing, the "Account" hereby designates and appoints Madoff as its agent and attorney-in-fact, with full power and authority and without further approval of the "Account" (except as may be required by law) to carry out the following:

Affiliated with:

Madoff Securities International Ltd.

43 London Wall, London England EC2M 5TB.01-374 0891

AMF00071612

- (a) to effect purchases, sales (including short sales) and otherwise trade in securities of any kind and any options (except naked options) thereon;
- (b) to make all decisions relating to the manner, method and timing of investment transactions, and to select brokers and dealers for the execution, clearance and settlement of any transactions;
- (c) to trade on margin;

Regarding any margin transactions, in the event I do not meet your margin calls promptly, you are authorized, in your sole discretion, and without notification to me, to take any and all steps necessary to protect yourself in connection with put or call transactions made for my account, including without limitation, the right to buy and sell short or short exempt, for my account, and risk any part, or all, of the shares represented by options endorsed by you for my account, or to buy, sell or exercise (including, but not limited to, exercising a long option(s), hedging short position(s) for my account, and risk any puts or calls as you may deem necessary to fully protect yourself. Any and all losses and expenses incurred by you in this connection will be reimbursed by me. However, in no event can I have losses that exceed my investment.

- (d) to direct custodians to deliver funds or securities for the purpose of effecting transactions, and to instruct custodians to exercise or abstain from exercising any privilege or right attaching to assets; and
- (e) to make and execute all such documents (including, without limitation, customer agreements and other documents in connection with the establishment and maintenance of brokerage accounts) and to take all such other actions which Madoff considers necessary or advisable to carry out its duties hereunder.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

Participant: FAIRFIELD SENTAY LIMITED  
*By: Alley Tucker*

Participant: \_\_\_\_\_

Participant: \_\_\_\_\_

Participant: \_\_\_\_\_

Participant: \_\_\_\_\_

  
 Bernard L. Madoff

## **Exhibit 20**



Fairfield Greenwich Advisors, L.L.C.  
919 Third Avenue  
New York, NY 10022-3902  
Tel: (212) 319-6060  
Fax: (212) 319-0450  
www.fggus.com

July 15, 2003

EFG Private Bank SA  
Bahnhofstrasse 16  
Zurich CH-8001  
Switzerland

**Re: LETTER OF UNDERSTANDING**

Gentlemen:

This will confirm our non-exclusive agreement that EFG PRIVATE BANK SA, a company incorporated and existing under the laws of Switzerland, (herein after named EFG PRIVATE BANK) will make available to institutional and individual investors the sale of interests in certain funds sponsored by FAIRFIELD GREENWICH LIMITED (the "Funds") on the following terms and conditions:

It being understood that EFG PRIVATE BANK will not promote Funds to clients in jurisdictions where it is unlawful to do so, as described in the offering memorandum of the Fund. In addition, EFG PRIVATE BANK is not authorized to disseminate any information to clients other than is contained in the prospectus of the Fund. Fund subscriptions will only become effective upon acceptance by the Fund administrator.

This Agreement is non-exclusive except in relation to those clients introduced by EFG PRIVATE BANK directly or indirectly. An indirect client of EFG PRIVATE BANK is one that has been introduced to FAIRFIELD GREENWICH LIMITED by a directly introduced client of EFG PRIVATE BANK.

**1. Compensation**

In relation to subscriptions by clients introduced by EFG PRIVATE BANK directly or indirectly (as per paragraph above), the following fees will be rebated to EFG PRIVATE BANK:

**Multi-Manager Funds:**

- Fairfield Investment Fund Limited: 100% of 1% management fee per annum and 20% of FGL's fees on the underlying funds.
- Fairfield Masters Fund, Ltd., Private Client Series: 33% of 1.50% management fee per annum.

**Single Manager Funds:**

- Arlington International Limited: 25% of 1% management fee per annum and 3.0% of the total 20% incentive fee.
- Balboa Fund Limited: 12.5% of 2% management fee per annum and 1.35% of the total 20% incentive fee.
- Fairfield GMO Market Neutral Fund, Private Client Series: 33% of 1.50% management fee per annum.
- Fairfield Greenwich-FTW Diversified Alpha Limited (USD and EUR): 20% of 1.50% management fee per annum.
- Fairfield Sentry Limited, Class A: 25% of the total 20% incentive fee per annum.
- Fairfield Sentry Limited, Class B: 30% of 1% management fee per annum.
- NGA Fairfield Limited: 12.5% of 2% management fee and 1.67% out of the total 20% incentive fee.

The fees will be payable to EFG PRIVATE BANK by FAIRFIELD GREENWICH LIMITED within 30 days from the time the FAIRFIELD GREENWICH LIMITED gets paid.

All payments to be executed by wire transfer as follows:

Bank: UBS AG, Stamford Branch  
ABA: 026007993      Swift: UBSWUS33

Account Name: EFG Private Bank SA, Zurich  
Swift: EFG BCH22, Attn: Mats Pettersson

Account Number: REDACTED 4-000

**2. Term of Agreement**

This Agreement is effective as of its date and will remain in effect until the later of (i) its termination by either party upon thirty (30) days written notice to the other or (ii) the date on which all Funds owned by clients identified under this agreement shall have been redeemed.

**3. Representation and Warranty**

Each of FAIRFIELD GREENWICH LIMITED and EFG PRIVATE BANK represents and warrants that each has the legal right, power and authority to enter into this agreement and to perform the transactions contemplated hereby.

**4. Entire Agreement**

This Agreement contains the entire agreement between FAIRFIELD GREENWICH LIMITED and EFG PRIVATE BANK, and supersedes all previous agreements between the parties concerning the subject matter hereof. No representations, inducements, promises or agreements, oral or otherwise, with respect to the subject matter of this Agreement that are not embodied or referred to herein shall have any force or effect.

**5. Amendments**

This Agreement may be amended only by the written consent of both parties.

**6. Notices**

Notices under this Agreement shall be in writing and shall be sent by registered mail, return receipt requested, or by facsimile addressed as follows:

To: FAIRFIELD GREENWICH LIMITED      Mr. Robert A. Blum  
FAIRFIELD GREENWICH LIMITED  
919 Third Avenue, 11<sup>th</sup> Floor  
New York, New York 10022

To: EFG PRIVATE BANK SA      Mr. Mats Pehrsson  
Ms. Isabel Nussle  
EFG PRIVATE BANK SA  
Bahnhofstrasse 16  
Zurich CH-8001  
Switzerland  
Tel: (411) 226 1720  
Fax:

**7. Applicable Law**

This Agreement and the rights and obligations of the parties hereto shall be governed by and construed in accordance with the laws of the State of New York.

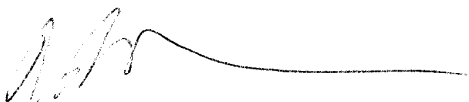
**8. Indemnification**

Each party agrees to indemnify and hold the other party harmless from any loss, damage, liability or expense, including reasonable attorneys' fees and other legal expenses, to which the other party may become subject arising out of or relating to any act or omission by the indemnifying party (or any person connected or associated with the indemnifying party) which is or is alleged to be a violation of any applicable statutes, laws or regulations or arising from the gross negligence or willful misconduct of the indemnifying party.

Kindly indicate your acceptance of the foregoing terms and conditions by signing and returning to FAIRFIELD GREENWICH LIMITED the attached duplicate of this agreement.


Sincerely,

FAIRFIELD GREENWICH LIMITED

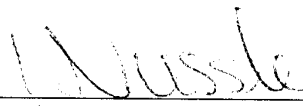
By:   
Robert A. Blum

Agreed to and accepted:

EFG PRIVATE BANK SA

By:   
Mats Pehrsson

Date: July 21, 2003

By:   
Isabel Nussle

Date: 21.7.03

## **Exhibit 21**

FAIRFIELD GREENWICH GROUP

2 Soundview Drive (P.O. Box 1555)  
Greenwich, CT 06836

Tel: (203) 629-8494  
Fax: (203) 629-1395

Date: 9/27/94  
To: Modoff Securities  
Attention: Stanley Berman  
Erin

Re: Fairfield Sentry

You all are going to kill me, but our administrator Citco has just informed me of more subscriptions for Sept. 30, so now we will not be needing any money wired out from our account. I am sorry for the constant charges, but at least now there will not be any redemptions!

Thanks and regards,  
Corina

This fax consists of 1 page(s), including this one.



**BERNARD L. MADOFF**  
**Investment Securities**

885 Third Avenue New York, NY 10022-4834

212 230-2424  
800 334-1343  
Telex 235130  
Fax 212 486-8178

**IMPROVED MAIL DELIVERY**

June 30, 1994

Dear Client:

In accordance with the Post Office's suggestions on how to **IMPROVE** mail delivery, will you please fill in your nine digit zip code on the form below and return it to us as soon as possible. Thank you.

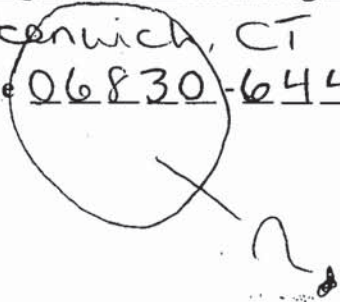
Annette Bongiorno

Account Number(s): 1 FN045-3-0      1 FN012-3-0  
1 FN045-4-0      1 FN012-4-0

Name: Fairfield Sentry Limited  
c/o Fred Kalber Co.

Address: 2 Soundview Drive  
Greenwich, CT

Nine Digit Zip Code 06830-6444



DIC  
7125

Affiliated with:  
Madoff Securities International Ltd.  
43 London Wall, London England EC2M 5TB.071-374 0891

FAIRFIELD INTERNATIONAL MANAGERS

2 Soundview Drive  
Post Office Box 1555  
Greenwich, Connecticut 06836

Telephone: (203) 629-8494  
Fax: (203) 629-1395

Date: 4/27/93

To: Bernard d. Madoff

Attention: Erin Reardon

IFNO 11  
12  
40  
45

- Re alc #s : <sup>C+M#</sup>
- 43 Fairfield Strategies
  - 49 Fairfield International
  - 1G0092-30 Greenwich Sentry
  - 44 Fairfield Sentry
  - 44A Fairfield Sentry

Please have one copy of advices, statements etc. mailed to: (~~please cancel any dupes~~)

[name of the fund]  
c/o Fred Kolber & Co.  
2 Soundview Drive  
Greenwich, CT 06830

Also, we have not received any month-end statements this year. Could this start again?

This fax consists of 1 page(s), including this one.

Many thanks,  
Regards, Corina

## **Exhibit 22**



**BERNARD L. MADOFF**  
**INVESTMENT SECURITIES LLC**  
885 Third Avenue New York, NY 10022

212 230-2424  
800 334-1343  
Fax 212 486-8178

## OPTION AGREEMENT

In order to induce you to carry accounts ("Option Accounts") for me (however designated) for transactions in option contracts (including, without limitations, purchase, sale, transfer, exercise and endorsement) ("Option Transaction"), I hereby warrant, represent and agree with you as set forth below on this Option Agreement.

1. I understand, and am well aware, that option trading may be highly speculative in nature. I am also aware that on certain days, option trading may cease and this could result in a financial loss to me. I agree to hold the company, its other divisions, and its officers, directors and agents harmless for such loss.
2. I understand that any option transaction made for any account of mine is subject to the rules, regulations, customs and usages of The Options Clearing Corporation and of the registered national securities exchange, national securities association, clearing organization or market where such transaction was executed. I agree to abide by such rules, regulations, custom and usages and I agree that, acting individually or in concert with others, I will not exceed any applicable position or exercise limits imposed by such exchange, association, clearing organization or other market with respect to option trading.
3. If I do not satisfy, on a timely basis, your money or security calls, you are authorized in your sole discretion and without notification, to take any and all steps you deem necessary to protect yourself (for any reason) in connection with option transactions for my account including the right to buy and/or sell (including short or short exempt) for my account and risk any part or all of the shares represented by options handled, purchased, sold and/or endorsed by you for my account or to buy for my account and risk any option as you may deem necessary or appropriate. Any and all expenses or losses incurred in this connection will be reimbursed by me.
4. In addition to the terms and conditions hereof, my option account will be subject to all of the terms and conditions of all other agreements heretofore or hereafter at any time entered into with you relating to the purchase and sale of securities and commodities except to the extent that such other agreements are contrary to or inconsistent herewith.

*Affiliated with:*  
**Madoff Securities International Limited**  
12 Berkeley Street, Mayfair, London W1X 5AD. Tel 020-7493 6222

- 5. This agreement shall apply to all puts or call which you may have executed, purchased, sold or handled for any account of mine and also shall apply to all puts, or calls which you may hereafter purchase, sell, handle or execute for any account of mine.
- 6. I have received from the company the most recent risk disclosure documents entitled "Understanding the Risks and Uses of Listed Options", "Listed Options on Stock Indices", "Listed Options on Foreign Currencies", and "Listed Options in Debt Instruments". I have read and understand the information contained in these documents.
- 7. I understand that you assign exercise notices on a random basis except that with respect to options on the following debt instruments: Treasury Bonds, Treasury Notes, Treasury Bills and GNMA's, you may preferentially assign exercises of block-size (i.e. covering \$1,000,000 or more of underlying securities) to block-size writing positions and you may preferentially assign smaller exercises to smaller writing positions. I understand that upon my request you will provide me with further information regarding the procedure used to assign exercise notices.

DATED 1/31/03

ACCOUNT NO. 1-FN045-3-0, 1-FN012-3-0  
1-FN070-4-0, 1-FN069-4-0

SIGNATURES

(If a Corporation)

(If Individuals)

Fairfield Sentry Ltd.  
(Name of Corporation)

By *Jerry Such*

\_\_\_\_\_  
(Second Party if Joint Account)

Title \_\_\_\_\_

(If a Partnership)

\_\_\_\_\_  
(Name of Partnership)

SEAL

By \_\_\_\_\_  
(A Partner)



**BERNARD L. MADOFF**  
**INVESTMENT SECURITIES LLC**  
885 Third Avenue New York, NY 10022

212 230-2424  
800 334-1343  
Fax 212 486-8178

**TRADING AUTHORIZATION LIMITED TO PURCHASES  
AND SALES OF SECURITIES AND OPTIONS**

To Whom It May Concern:

The undersigned hereby authorizes Bernard L. Madoff (whose signature appears below) as his agent and attorney in fact to buy, sell and trade in stocks, bonds, options and any other securities in accordance with your terms and conditions for the undersigned's account and risk and in the undersigned's name, or number on your books. The undersigned hereby agrees to indemnify and hold you harmless from, and to pay you promptly on demand any and all losses arising therefrom or debit balance due thereon. However, in no event will the losses exceed my investment.

In all such purchases, sales or trades you are authorized to follow the instructions of Bernard L. Madoff in every respect concerning the undersigned's account with you; and he is authorized to act for the undersigned and in the undersigned's behalf in the same manner and with the same force and effect as the undersigned might or could do with respect to such purchases, sales or trades as well as with respect to all other things necessary or incidental to the furtherance or conduct of such purchases, sales or trades. All purchases, sales or trades shall be executed strictly in accordance with the established trading authorization directive.

The undersigned hereby ratifies and confirms any and all transactions with you heretofore or hereafter made by the aforesaid agent or for the undersigned's account.

This authorization and indemnity is in addition to (and in no way limits or restricts) any rights which you may have under any other agreement or agreements between the undersigned and your firm.

This authorization and indemnity is also a continuing one and shall remain in full force and effect until revoked by the undersigned by a written notice addressed to you and delivered to your office at 885 Third Avenue but such revocation shall not affect any liability in any way resulting from transaction initiated prior to such revocation. This authorization and indemnity shall enure to the benefit of your present firm and any successor firm or firms irrespective of any change or changes at any time in the personnel thereof for any cause whatsoever, and of the assigns of your present firm or any successor firm.

Dated. 1/31/02

New York                      New York  
(City)                                      (State)

Very truly yours, *Jeery Such*  
(Client Signature)

Signature of Authorized Agent: \_\_\_\_\_

**Affiliated with:**  
**Madoff Securities International Limited**  
12 Berkeley Street, Mayfair, London W1X 5AD. Tel 020-7493 6222



**BERNARD L. MADOFF**  
**INVESTMENT SECURITIES LLC**  
885 Third Avenue New York, NY 10022

212 230-2424  
800 334-1343  
Fax 212 486-8178

#### CUSTOMER AGREEMENT

In consideration for you (the "Broker") opening or maintaining one or more accounts (the "Customer"), the Customer agrees to the terms and conditions contained in this Agreement. The heading of each provision of the Agreement is for descriptive purposes only and shall not be deemed to modify or qualify any of the rights or obligations set forth in each such provision. For purposes of this Agreement, "securities and other property" means, but is not limited to money, securities, financial instruments and commodities of every kind and nature and related contracts and options, except that the provisions of paragraph 13 herein (the arbitration clause) shall not apply to commodities accounts. This definition includes securities or other property currently or hereafter held, carried or maintained by you or by any of your affiliates, in your possession or control, or in the possession or control of any such affiliate, for any purpose, in and for any of my accounts now or hereafter opened, including any account in which I may have an interest.

#### 1. APPLICABLE RULES AND REGULATIONS

All transactions in the Customer's Account shall be subject to the constitution, rules, regulations, customs and usages of the exchange or market, and its clearing house, if any, where the transactions are executed by the Broker or its agents, including its subsidiaries and affiliates. Also, where applicable, the transactions shall be subject (a) to the provisions of (1) the Securities Exchange Act of 1934, as amended, and (2) the Commodities Exchange Act, as amended; and (b) to the rules and regulations of (1) the Securities and Exchange Commission, (2) the Board of Governors of the Federal Reserve System and (3) the Commodities Futures Trading Commission.

#### 2. AGREEMENT CONTAINS ENTIRE UNDERSTANDING/ASSIGNMENT

This Agreement contains the entire understanding between the Customer and the Broker concerning the subject matter of this Agreement. Customer may not assign The rights and obligations hereunder without first obtaining the prior written consent of the Broker.

#### 3. SEVERABILITY

If any provision of this Agreement is held to be invalid, void or unenforceable by reason of any law, rule, administrative order or judicial decision, that determination shall not effect the validity of the remaining provisions of this Agreement.

#### 4. WAIVER

Except as specifically permitted in this Agreement, no provision of this Agreement can be, nor be deemed to be, waived, altered, modified or amended unless such is agreed to in a writing signed by the broker.

#### 5. DELIVERY OF SECURITIES

Without abrogating any of the Broker's rights under any other portion of this Agreement and subject to any indebtedness of the Customer to the Broker, the Customer is entitled, upon appropriate demand, to receive physical delivery of fully paid securities in the Customer's Account.

#### 6. SALES BY CUSTOMER

The Customer understands and agrees any order to sell "short" will be designated as such by the Customer, and that the Broker will mark the order as "short" All other sell orders will be for securities owned ("long"), at that time, by the Customer by placing the order the Customer affirms that he will deliver the securities on or before the settlement date.

Affiliated with:  
**Madoff Securities International Limited**  
12 Berkeley Street, Mayfair, London W1X 5AD. Tel 020-7493 6222

**7. BROKER AS AGENT**

The customer understands that the Broker is acting as the Customer's agent, unless the Broker notifies the Customer, in writing before the settlement date for the transaction, that the Broker is acting as dealer for its own account or as agent for some other person.

**8. CONFIRMATIONS AND STATEMENTS**

Confirmations of transactions and statements for the Customer's Account(s) shall be binding upon the Customer if the Customer does not object, in writing, within ten days after receipt by the Customer.

**9. SUCCESSORS**

Customer hereby agrees that this Agreement and all the terms thereof shall be binding upon Customer's heirs, executors, administrators, personal representatives and assigns. This Agreement shall ensure to the benefit of the Broker's present organization, and any successor organization, irrespective of any change or changes at any time in the personnel thereof, for any cause whatsoever.

**10. CHOICE OF LAWS**

THIS AGREEMENT SHALL BE DEEMED TO HAVE BEEN MADE IN THE STATE OF New York AND SHALL BE CONSTRUED, AND THE RIGHTS AND LIABILITIES OF THE PARTIES DETERMINED, IN ACCORDANCE WITH THE LAWS OF THE STATE OF New York.

**11. CAPACITY TO CONTRACT, CUSTOMER AFFILIATION**

By signing below, the Customer, represents that he/she is of legal age, and that he/she is not an employee of any exchange, or of any corporation of which any exchange owns a majority of the capital stock, or of a member of any exchange, or of a member firm or member corporation registered on any exchange, or of a bank, trust company, insurance company or of any corporation, firm or individual engaged in the business of dealing, either as broker or as principal, in securities, bills of exchange, acceptances or other forms of commercial paper, and that the Customer will promptly notify the Broker in writing if the Customer is now or becomes so employed. The Customer also represents that no one except the Customer has an interest in the account or accounts of the Customer with you.

**12. ARBITRATION DISCLOSURES**

- \* ARBITRATION IS FINAL AND BINDING ON THE PARTIES.
- \* THE PARTIES ARE WAIVING THEIR RIGHT TO SEEK REMEDIES IN COURT, INCLUDING THE RIGHT TO JURY TRIAL.
- \* PRE-ARBITRATION DISCOVERY IS GENERALLY MORE LIMITED THAN AND DIFFERENT FROM COURT PROCEEDINGS.
- \* THE ARBITRATOR'S AWARD IS NOT REQUIRED TO INCLUDE FACTUAL FINDINGS OR LEGAL REASONING AND ANY PARTY'S RIGHT TO APPEAL OR TO SEEK MODIFICATION OF RULINGS BY THE ARBITRATORS IS STRICTLY LIMITED.
- \* THE PANEL OF ARBITRATORS WILL TYPICALLY INCLUDE A MINORITY OF ARBITRATORS WHO WERE OR ARE AFFILIATED WITH THE SECURITIES INDUSTRY.



13. ARBITRATION

THE CUSTOMER AGREES, AND BY CARRYING AN ACCOUNT FOR THE CUSTOMER THE BROKER AGREES THAT ALL CONTROVERSIES WHICH MAY ARISE BETWEEN US CONCERNING ANY TRANSACTION OR THE CONSTRUCTION, PERFORMANCE, OR BREACH OF THIS OR ANY OTHER AGREEMENT BETWEEN US PERTAINING TO SECURITIES AND OTHER PROPERTY, WHETHER ENTERED INTO PRIOR, ON OR SUBSEQUENT TO THE DATE HEREOF, SHALL BE DETERMINED BY ARBITRATION UNDER THIS AGREEMENT SHALL BE CONDUCTED PURSUANT TO THE FEDERAL ARBITRATION ACT AND THE LAWS OF THE STATE DESIGNATED IN PARAGRAPH 10, BEFORE THE AMERICAN ARBITRATION ASSOCIATION, OR BEFORE THE NEW YORK STOCK EXCHANGE, INC. OR AN ARBITRATION FACILITY PROVIDED BY ANY OTHER EXCHANGE OF WHICH THE BROKER IS A MEMBER, OR THE NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC. OR THE MUNICIPAL SECURITIES RULE MAKING BOARD AND IN ACCORDANCE WITH THE RULES OBTAINING OF THE SELECTED ORGANIZATION. THE CUSTOMER MAY ELECT IN THE FIRST INSTANCE WHETHER ARBITRATION SHALL BE BY THE AMERICAN ARBITRATION ASSOCIATION, OR BY AN EXCHANGE OR SELF-REGULATORY ORGANIZATION OF WHICH THE BROKER IS A MEMBER, BUT IF THE CUSTOMER FAILS TO MAKE SUCH ELECTION, BY REGISTERED LETTER OR TELEGRAM ADDRESSED TO THE BROKER AT THE BROKER'S MAIN OFFICE, BEFORE THE EXPIRATION OF TEN DAYS AFTER RECEIPT OF A WRITTEN REQUEST FROM THE BROKER TO MAKE SUCH ELECTION, THEN THE BROKER MAY MAKE SUCH ELECTION, THE AWARD OF THE ARBITRATORS, OR OF THE MAJORITY OF THEM SHALL BE FINAL, AND JUDGMENT UPON THE AWARD RENDERED MAY BE ENTERED IN ANY COURT, STATE OR FEDERAL, HAVING JURISDICTION.

14. DISCLOSURES TO ISSUERS

Under rule 14b-1(c) of the Securities Exchange Act of 1934, we are required to disclose to an issuer the name, address, and securities position of our customers who are beneficial owners of that issuer's securities unless the customer objects. Therefore, please check one of the boxes below:

Yes, I do object to the disclosure of information.

No, I do not object to the disclosure of such information.

THIS AGREEMENT CONTAINS A PRE-DISPUTE ARBITRATION CLAUSE AT PARAGRAPH 13.

(X) Jerry Sun  
(Customer Signature/date)

(X) \_\_\_\_\_  
(Customer Signature/date)

915 Third Avenue, 11th Floor  
(Customer Address)

1-FN045-3-0, 1-FN012-3-0  
(Account Number) 1-FN070-4-0, 1-FN069-4-0

New York, NY 10022

## **Exhibit 23**



**BERNARD L. MADOFF**  
**INVESTMENT SECURITIES LLC**  
885 Third Avenue New York, NY 10022

212 230-2424  
800 334-1343  
Fax 212 486-8178

### OPTION AGREEMENT

In order to induce you to carry accounts ("Option Accounts") for me (however designated) for transactions in option contracts (including, without limitations, purchase, sale, transfer, exercise and endorsement) ("Option Transaction"), I hereby warrant, represent and agree with you as set forth below on this Option Agreement.

1. I understand, and am well aware, that option trading may be highly speculative in nature. I am also aware that on certain days, option trading may cease and this could result in a financial loss to me. I agree to hold the company, its other divisions, and its officers, directors and agents harmless for such loss.
2. I understand that any option transaction made for any account of mine is subject to the rules, regulations, customs and usages of The Options Clearing Corporation and of the registered national securities exchange, national securities association, clearing organization or market where such transaction was executed. I agree to abide by such rules, regulations, custom and usages and I agree that, acting individually or in concert with others, I will not exceed any applicable position or exercise limits imposed by such exchange, association, clearing organization or other market with respect to option trading.
3. If I do not satisfy, on a timely basis, your money or security calls, you are authorized in your sole discretion and without notification, to take any and all steps you deem necessary to protect yourself (for any reason) in connection with option transactions for my account including the right to buy and/or sell (including short or short exempt) for my account and risk any part or all of the shares represented by options handled, purchased, sold and/or endorsed by you for my account or to buy for my account and risk any option as you may deem necessary or appropriate. Any and all expenses or losses incurred in this connection will be reimbursed by me.
4. In addition to the terms and conditions hereof, my option account will be subject to all of the terms and conditions of all other agreements heretofore or hereafter at any time entered into with you relating to the purchase and sale of securities and commodities except to the extent that such other agreements are contrary to or inconsistent herewith.

Affiliated with:  
Madoff Securities International Limited  
12 Berkeley Street, Mayfair, London W1X 5AD. Tel 020-7493 6222

- 5. This agreement shall apply to all puts or call which you may have executed, purchased, sold or handled for any account of mine and also shall apply to all puts, or calls which you may hereafter purchase, sell, handle or execute for any account of mine.
- 6. I have received from the company the most recent risk disclosure documents entitled "Understanding the Risks and Uses of Listed Options", "Listed Options on Stock Indices", "Listed Options on Foreign Currencies", and "Listed Options in Debt Instruments". I have read and understand the information contained in these documents.
- 7. I understand that you assign exercise notices on a random basis except that with respect to options on the following debt instruments: Treasury Bonds, Treasury Notes, Treasury Bills and GNMA's, you may preferentially assign exercises of block-size (i.e. covering \$1,000,000 or more of underlying securities) to block-size writing positions and you may preferentially assign smaller exercises to smaller writing positions. I understand that upon my request you will provide me with further information regarding the procedure used to assign exercise notices.

DATED 1-31-03

ACCOUNT NO. 1-FN069-4-0

SIGNATURES

(If a Corporation)

(If Individuals)

Fairfield Sentry Ltd.

(Name of Corporation)

By *Mark Murphy*

(Second Party if Joint Account)

Title By Fairfield Greenwich (Bermuda) Ltd.,  
its investment manager

(If a Partnership)

(Name of Partnership)

SEAL

By \_\_\_\_\_  
(A Partner)



**BERNARD L. MADOFF**  
INVESTMENT SECURITIES LLC  
885 Third Avenue New York, NY 10022

212 230-2424  
800 334-1343  
Fax 212 486-8178

**TRADING AUTHORIZATION LIMITED TO PURCHASES  
AND SALES OF SECURITIES AND OPTIONS**

To Whom It May Concern:

The undersigned hereby authorizes Bernard L. Madoff (whose signature appears below) as his agent and attorney in fact to buy, sell and trade in stocks, bonds, options and any other securities in accordance with your terms and conditions for the undersigned's account and risk and in the undersigned's name, or number on your books. The undersigned hereby agrees to indemnify and hold you harmless from, and to pay you promptly on demand any and all losses arising therefrom or debit balance due thereon. However, in no event will the losses exceed my investment.

In all such purchases, sales or trades you are authorized to follow the instructions of Bernard L. Madoff in every respect concerning the undersigned's account with you; and he is authorized to act for the undersigned and in the undersigned's behalf in the same manner and with the same force and effect as the undersigned might or could do with respect to such purchases, sales or trades as well as with respect to all other things necessary or incidental to the furtherance or conduct of such purchases, sales or trades. All purchases, sales or trades shall be executed strictly in accordance with the established trading authorization directive.

The undersigned hereby ratifies and confirms any and all transactions with you heretofore or hereafter made by the aforesaid agent or for the undersigned's account.

This authorization and indemnity is in addition to (and in no way limits or restricts) any rights which you may have under any other agreement or agreements between the undersigned and your firm.

This authorization and indemnity is also a continuing one and shall remain in full force and effect until revoked by the undersigned by a written notice addressed to you and delivered to your office at 885 Third Avenue but such revocation shall not affect any liability in any way resulting from transaction initiated prior to such revocation. This authorization and indemnity shall enure to the benefit of your present firm and any successor firm or firms irrespective of any change or changes at any time in the personnel thereof for any cause whatsoever, and of the assigns of your present firm or any successor firm.

Dated, \_\_\_\_\_

\_\_\_\_\_  
(City)

\_\_\_\_\_  
(State)

Very truly yours,

*X David L. Madoff*  
\_\_\_\_\_  
(Client Signature)

Signature of Authorized Agent: \_\_\_\_\_

**Affiliated with:**  
**Madoff Securities International Limited**  
12 Berkeley Street, Mayfair, London W1J 8DT. Tel 020-7493 6222



**BERNARD L. MADOFF**  
INVESTMENT SECURITIES LLC  
885 Third Avenue New York, NY 10022

212 230-2424  
800 334-1343  
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**TRADING AUTHORIZATION LIMITED TO PURCHASES  
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Dated, \_\_\_\_\_

\_\_\_\_\_ (City) \_\_\_\_\_ (State)

Very truly yours, *X David L. Madoff*  
\_\_\_\_\_  
(Client Signature)

Signature of Authorized Agent: *[Signature]*  
\_\_\_\_\_

Affiliated with:  
Madoff Securities International Limited  
12 Berkeley Street, Mayfair, London W1J 8DT. Tel 020-7493 6222



**BERNARD L. MADOFF**  
INVESTMENT SECURITIES LLC  
885 Third Avenue New York, NY 10022

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Dated, \_\_\_\_\_

\_\_\_\_\_  
(City)

\_\_\_\_\_  
(State)

Very truly yours, X

*[Handwritten Signature]*  
\_\_\_\_\_  
(Client Signature)

Signature of Authorized Agent: \_\_\_\_\_

Affiliated with:  
Madoff Securities International Limited  
12 Berkeley Street, Mayfair, London W1J 8DT. Tel 020-7493 6222



**BERNARD L. MADOFF**  
INVESTMENT SECURITIES LLC  
885 Third Avenue New York, NY 10022

212 230-2424  
800 334-1343  
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### OPTION AGREEMENT

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2. I understand that any option transaction made for any account of mine is subject to the rules, regulations, customs and usages of The Options Clearing Corporation and of the registered national securities exchange, national securities association, clearing organization or market where such transaction was executed. I agree to abide by such rules, regulations, custom and usages and I agree that, acting individually or in concert with others, I will not exceed any applicable position or exercise limits imposed by such exchange, association, clearing organization or other market with respect to option trading.
3. If I do not satisfy, on a timely basis, your money or security calls, you are authorized in your sole discretion and without notification, to take any and all steps you deem necessary to protect yourself (for any reason) in connection with option transactions for my account including the right to buy and/or sell (including short or short exempt) for my account and risk any part or all of the shares represented by options handled, purchased, sold and/or endorsed by you for my account or to buy for my account and risk any option as you may deem necessary or appropriate. Any and all expenses or losses incurred in this connection will be reimbursed by me.
4. In addition to the terms and conditions hereof, my option account will be subject to all of the terms and conditions of all other agreements heretofore or hereafter at any time entered into with you relating to the purchase and sale of securities and commodities except to the extent that such other agreements are contrary to or inconsistent herewith.

Affiliated with:  
Madoff Securities International Limited  
12 Berkeley Street, Mayfair, London W1J 8DT. Tel 020-7493 6222

- 5. This agreement shall apply to all puts or call which you may have executed, purchased, sold or handled for any account of mine and also shall apply to all puts, or calls which you may hereafter purchase, sell, handle or execute for any account of mine.
- 6. I have received from the company the most recent risk disclosure documents entitled "Understanding the Risks and Uses of Listed Options", "Listed Options on Stock Indices", "Listed Options on Foreign Currencies", and "Listed Options in Debt Instruments". I have read and understand the information contained in these documents.
- 7. I understand that you assign exercise notices on a random basis except that with respect to options on the following debt instruments: Treasury Bonds, Treasury Notes, Treasury Bills and GNMA's, you may preferentially assign exercises of block-size (i.e. covering \$1,000,000 or more of underlying securities) to block-size writing positions and you may preferentially assign smaller exercises to smaller writing positions. I understand that upon my request you will provide me with further information regarding the procedure used to assign exercise notices.

DATED \_\_\_\_\_

ACCOUNT NO. \_\_\_\_\_

SIGNATURES

(If a Corporation)

(If Individuals)

\_\_\_\_\_  
(Name of Corporation)

\_\_\_\_\_

By \_\_\_\_\_

\_\_\_\_\_  
(Second Party if Joint Account)

Title \_\_\_\_\_

(If a Partnership)

\_\_\_\_\_  
(Name of Partnership)

SEAL

By X David Ehrlich  
(A Partner)

## **Exhibit 24**



**BERNARD L. MADOFF**  
INVESTMENT SECURITIES LLC  
New York  London

MEMBER:  
NASD CSE SIPC NSCC DTC

885 Third Avenue  
New York, NY 10022  
212 230-2424  
800 334-1343  
Fax 212 838-4061

ORIGINATOR NO.	DELIVERED VIA	ACCOUNT NUMBER	D/R	TRANS. NO.	CODES			TRADE DATE	SETTLEMENT DATE
					TR	CAP	SETT		
0646		1-FN012-3	D	13906	5	2	10/31/05	10/31/05	
IDENTIFICATION NO.	CONTRA PARTY			C.H. NUMBER		SPECIAL DELIVERY INSTRUCTIONS			

17

FAIRFIELD SENTRY LTD  
C/O FAIRFIELD GREENWICH GROUP  
919 THIRD AVENUE 11TH FLR  
NEW YORK NY 10022

\*\*\*\* DUPLICATE \*\*\*\*  
ACCT OF/ CITCO GLOBAL CUSTODY N Y

WE	QUANTITY	CUSIP NUMBER	SECURITY DESCRIPTION	NET AMOUNT
SLO	1,500,000	912795WX5	U S TREASURY BILL DUE 4/13/2006 Y.T.M. 4.18% 4/13/2006	1472325.00

PRICE	PRINCIPAL	COMMISSION	STATE TAX	INTEREST	FEE	MISC.
98.155	1472325.00					

CONFIRMATION (Please see reverse for further details.)

Affiliated with:  
**Madoff Securities International Limited**  
12 Berkeley Street, Mayfair, London W1J 8DT. Tel 020-7493 6222  
Member of The London Stock Exchange and NASDAQ Europe