Exhibit 26

LLOYDS TSB BANK PLC

Fund of Hedge Fund Due Diligence Questionnaire

Date: May 10th, 2004

Fund Name: A.R.T – Absolute Return Target Fund

N° ISIN :	A.R.T Class B Arbitrage, USD A.R.T Class B Arbitrage, EUR	USD, LU 012251289 9 EUR, LU 018515164 3
N° Telekurs :	A.R.T Class B Arbitrage, USD A.R.T Class B Arbitrage, EUR	USD, 1172108 EUR, 1769337
N° Bloomberg :	A.R.T Class B Arbitrage, USD A.R.T Class B Arbitrage, EUR	USD, ARTFNDB LX EUR, ARTFNDE LX

Domicile: Luxembourg

Investment Manager:

A.R.T. Absolute Return Target Fund
c/o Banque Privée Edmond de Rothschild Europe
Téléphone: +352 47 93 46 1
Fax: +352 47 93 46 592
E-mail: info@artfund.lu

Investment Advisor:
Partners Advisers S.A
100, rue du Rhône, 1204 Genève
Téléphone : +41 22 716 00 60
Fax : +41 22 716 00 61
E-Mail : contact@partnersadvisers.com

I. Basic Information

A. Firm Name:

Partners Advisers S.A.

B. Address (headquarters and additional locations):

100, rue du Rhône, 1204 Genève -CH

C. Contact Information (name, location, telephone number, Email):

Partners Advisers SA
Fabien Duteil
100, rue du Rhône, 1204 Genève
Téléphone : +41 22 716 00 60
Fax : +41 22 716 00 61
E-Mail : duteil@partnersadvisers.com

D. Brief history and description of the firm

Partners Advisers was set up in 1998 in order to structure and professionalize the investment process of a family group into hedge funds. This family group started to invest in hedge funds since 1987.
Partners Advisers is as much a hedge fund advisor as a family office. As such, our primary focus is and always will be performance production. Key drivers are:

- A unique network of contacts in its depth, diversity and quality,
- A total alignment of interest with its partners,
- A focus on added-value and service.

E. List the regulatory bodies with which your firm and funds must comply

Fund Regulatory bodies are:

C.S.S.F: Commission de Surveillance du Secteur Financier in Luxembourg (Regulatory body for Luxembourg domiciled Fund). In relation with the CSSF circular (02/77) (amendment of circular 2000/8), upon discovery of an instance of non-compliance with applicable restrictions, the management of the Fund shall take all appropriate measures to rectify the situation. The Fund shall seek compensation for any loss sustained and it is the responsibility of the party, which caused the breach through a failure to fulfil its obligation to make good the loss.

A.L.F.I: Association Luxembourgeoise des fonds d'investissement (representative body of the Luxembourg fund industry)

Firm regulatory body:

Partners Advisers SA has no regulatory body. Partners Advisers SA is registered in Geneva, Switzerland (CH-660-1120998-3). The company goal is to deliver alternative investment management advisory for private and institutional international investors and partners. The advisory activity concentrates on selecting, assembling and following up single hedge fund managers.

F. Administrator of fund

Banque Privée Edmond de Rothschild Europe
Téléphone: +352 47 93 46 1
Fax: +352 47 93 46 592
E-mail: info@artfund.lu

G. Auditor of firm, of fund

The firm Auditing body is:
Audiconsult SA
rue du Cendrier 15
CH – 1201 Genève
CH-660-0376987-1

The A.R.T Fund SICAV auditor is:
Ernst & Young
6 rue Jean Monnet
L-2180 Luxembourg

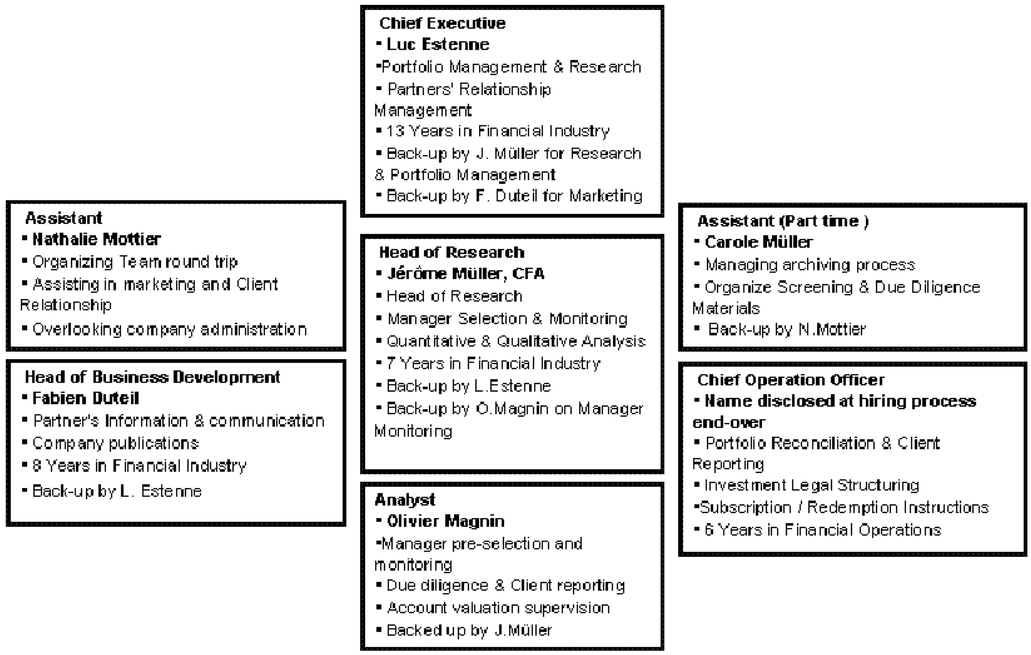
H. Legal Advisor of firm, of fund

The firm legal advisor is:
Lenz & Staehelin
Grand'Rue 25
CH-1204 Genève

The A.R.T Fund SICAV legal adviser is:
Elvinger, Hoss & Prussen
2 Place Winston Churchill
BP 425
L-2014 Luxembourg

I. Organisational structure (investment and operating entities) of firm

Partners Advisers is a simple limited liability company. There is no complex organisational structure, since operating activities are taken care of by the fund administrator and investment activities are assumed by Partners Advisers. Within Partners Advisers, the split of responsibilities is as follows:



J. Firm's total AUM

Total assets under management are not disclosed, since it includes family assets. However, excluding family assets, total assets under management are USD 550 millions.

K. Are the principals and employees of the firm invested in the funds managed by the firm? If so, which ones and what is the percentage of the fund owned by them.

Yes. Mr Luc Estenne and Mr Jérôme Muller are the two partners of Partners Advisers and both have 70% of their liquid net worth invested in A.R.T – Absolute Return Target Fund.

L. Specific Fund Information

1. List all onshore and offshore products.

ART – Absolute Return Target Fund is the sole offshore fund.

2. Current fund size (list the size of each available share classes).

The total size of A.R.T – Absolute Return Target Fund is USD 127.8 Million.

ART – Absolute Return Target Fund has 3 classes open to investments:

- ART B Arbitrage Portfolio has USD 42.8 millions.
- ART C Diversified Portfolio has USD 11.3 millions.
- ART D Investing Portfolio has USD 27.72 millions.

Delta between class sum and A.R.T assets under management equals A.R.T Class A and direct feeder fund of the two SICAV pools Arbitrage and Investing. Global assets managed are detailed at question II.D.

3. Approximate fund capacity

Capacity is reviewed on an ongoing basis by Luc Estenne, CEO and Jerome Muller, Head of Research of Partners Advisers. Given the current size of A.R.T.

Fund, the level of diversification of its allocation and the capacity agreements in place, there is currently no capacity constraint on A.R.T – Absolute Return Target Fund up to USD 400 millions.
Partners Adviser's goal is to generate superior risk adjusted returns. As such the firm will likely close its funds once the partners feel that additional assets would diminish performance.

4. Geographic focus

Partners Advisers' hedge fund allocation is global. Developed European and American markets represents the bulk of the allocation. The allocation to Asian developed markets historically has been less than 10%. The allocation to emerging market is marginal.

5. Sector focus

Partners Advisers invests across most types of strategies and sectors.

M. Please summarise IT systems, contingency plans, and back up facilities.

IT server systems are located in a secured and air-conditioned technical space. Hardware service pack service level is on site intervention 24x7 in 4 hours.

IT server systems consist of an HP COMPAQ Proliant ML370 Serveur. The redundancy is secured at hard disks, power and cooling level (Hot-Plug).

All hard disks content are saved backed up daily on tapes.. The back up cycle is daily, weekly and monthly. Monthly back up tapes are kept secured in a separate building under the responsibilities of a specialized company. . Intra month back up tapes are kept secured in a fire protected safe.

A power cut protection allows coverage of our needs for 20 minutes in case of lower or extreme electric shocks, providing time to save and shut the system down in an appropriate and secure manner.

All servers and PCs are protected against Viruses using SYMANTEC Antivirus Enterprise Ed. (Daily automatic Updates) and SYMANTEC Firewall Model 200.

Full IT maintenance and installation is out-sourced to Diffinco S.A. Partners Advisers benefits from the full time service of 3 Diffinco's IT specialists for urgent matters. Diffinco SA is also managing IT projects for Partners Advisers SA for larger needs during moving or global upgrades.

II. Assets Under Management

A. Please provide details of AUM and their evolution.

Assets have been growing since inception of Partners Advisers. Excluding family money, growth in assets has been as follows:

Reference Month	USD Millions
December 1999	60
December 2000	130
December 2001	385
December 2002	390

December 2003	495
March 2003	550

B. Please provide an analysis of client base i.e. numbers of institutions, private clients, members of staff, etc. (If possible, identify investing institutions and their relationship with Investment Adviser)

All A.R.T. Fund's assets are offshore i.e. from non-US clients. High Net Worth individuals represent the majority of A.R.T. Fund's assets. They are invested either directly or through banks and independent wealth management companies.

Other assets managed by Partners Advisers are white labelled fund of hedge funds advised for banks.

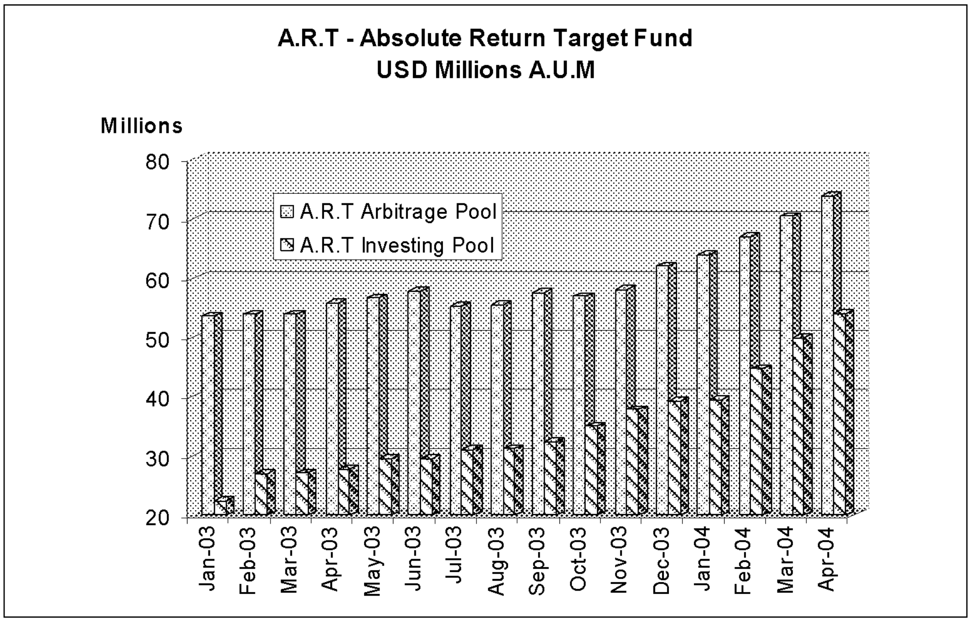
C. Largest clients' position size as a percentage of fund's total AUM.

The largest investor currently represents less than 10% of assets of A.R.T. Fund. Partners Advisers takes great care at growing a diversified and stable investor base. To this end, great emphasis is put on communication and transparency.

D. What is the current growth target for the fund(s), please indicate soft-close and hard close levels as well as potential exceptions to the aforementioned levels. Please include a chart of the Fund's asset growth over the last year.

Asset growth over 2003 and 1Q 2004 for A.R.T SICAV is presented below. All classes are managed via two pools Arbitrage and Investing. The A.R.T B Arbitrage portfolio is fully invested via the pool arbitrage and the A.R.T D Investing portfolio is fully invested via the pool investing.

USD	A.R.T Arbitrage Pool	A.R.T Investing Pool	A.R.T
Jan-03	53,573,545	22,431,708	**76,005,254**
Feb-03	53,812,462	26,925,581	**80,738,044**
Mar-03	53,826,840	27,050,555	**80,877,395**
Apr-03	55,793,474	27,721,274	**83,514,748**
May-03	56,672,669	29,564,664	**86,237,333**
Jun-03	57,754,111	29,564,664	**87,318,775**
Jul-03	55,199,920	31,043,557	**86,243,477**
Aug-03	55,485,495	31,142,614	**86,628,109**
Sep-03	57,513,551	32,277,573	**89,791,124**
Oct-03	56,872,826	34,952,043	**91,824,869**
Nov-03	58,014,884	37,810,478	**95,825,363**
Dec-03	61,987,202	39,156,396	**101,143,597**
Jan-04	63,863,956	39,456,096	**103,320,052**
Feb-04	66,874,575	44,652,353	**111,526,928**
Mar-04	70,346,429	49,933,049	**120,279,478**
Apr-04	73,831,730	53,914,956	**127,746,685**



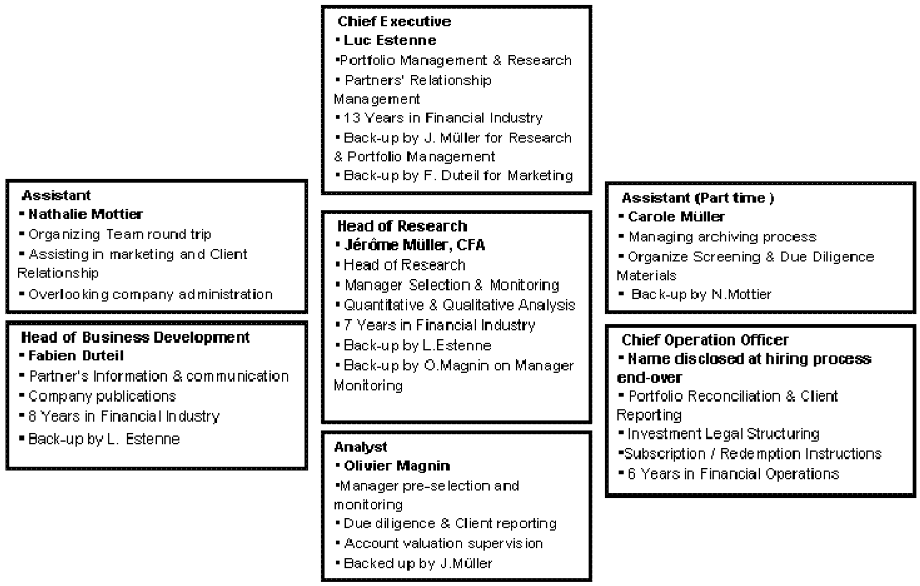
III. Staffing

A. Total number of employees at firm and the capacity in which they are employed

Partners Advisers currently employs 6 people.. There are 3 investment professionals, 1 business manager and 2 support staff. The detailed functional chart is displayed at Chapter III.B. Partners Advisers is in the final stage of hiring a COO, who is expected to join the company in the coming months.

Administration, IT, accounting and legal services are sub-contracted. Those functions are non core to Partners Advisers SA investment advisory business.

B. Organisational chart detailing functional roles of key personnel and their backup



C. Detailed biographical information for key investment and operational professionals, please attach relevant CVs to appendix.

There has been no turnover in personnel since the creation of Partners Advisers in 1998.

Biographies of partners are as follows:

Luc Estenne. Founder and Principal. Partners Advisers S.A.
Nov-96 to present, Partners Advisers S.A. Geneva. Absolute return financial advisory services to large private and institutional investors. Hedge fund investment portfolio management, selection, due diligence and monitoring. Development of a network of contacts: regular conference and seminar speaker, member of large investor club. Preparation of the Company set up from Brussels. Oct-93-Oct-96. Bank Brussels Lambert. New York & Brussels. Strategy review project management. Brussels. 1996. Definition of the worldwide strategy of the bank's trading rooms with external consultants. Targeted activities : Proprietary Trading, Sales et Capital Market. Top management involved. Proprietary Trader on U.S. interest rates. New York. 1994 – 1995. Trading in T-Bond, Futures and options : Position Taking. Strategic position taking in Credit Derivative and Options. Proprietary portfolio management in Asset-Backed, Mortgage-Backed and Corporate Bonds. Proprietary capital investment project development in hedge funds. Meeting, evaluation, selection et monitoring of US hedge funds. Apr-91-Sep-93. Bank JP Morgan S.A. Brussels & New York. System and Administration Department. Brussels fixed income back office supervisor. Study and implementation of a new system in conjunction with the London office. JP Morgan Global Technology and Operations. Training in New York . Global Custody Department. Supervision and control of South-European sub-custodians (Spain, Portugal, France, Italy, Greece). Participate to the worldwide centralization of Global Custody in Brussels. 1984-1990. Catholic University of Louvain (Louvain-la-Neuve). Commercial Engineer Degree with Distinction. Major in finance and production management.

Jérôme Müller. Head of Research and Partner. Partners Advisers S.A.
Apr-99 to present. Partners Advisers S.A. Geneva. selection, due diligence and monitoring of hedge fund managers. Quantitative & qualitative analysis. Development of market watch

and other analysis & reporting tools. 1997 – 1999. Union Bancaire Privée (UBP), Geneva. Internal Audit Department. Active on various mandates including audits of the alternative investment department, trading desk and private banking. Due diligence of potential and existing clients. Review of the bank's activities compliance with Swiss banking laws. Oct-93-Aug-97. Institut Universitaire des Hautes Etudes Internationales (IUHEI), Geneva. Licence in International Relations. CFA Charterholder.

D. Please provide details of your staff recruitment policy, a summary of personnel policies used to retain such personnel, and the method of compensation for key investment professionals. How long are key personnel legally committed to the firm?

Partners Advisers' recruitment policy has evolved over time. Initially, the policy was to hire junior staff and train them internally. Lately, as the financial strength of the company has increased, the policy has shifted towards hiring deeply experienced and skilled personnel. The advantage of this policy is to benefit from staff that is immediately effective and operational.

Key professionals are retained by the following policies:

- Partner promotion opportunity through company phantom equity allocation, which allows key employees to participate in ongoing profits.
- One year deferral of 1/3 of the annual bonus.

Compensation for key personnel is as follows:

- The Investment professionals, including Luc Estenne, Jerome Muller and Olivier Magnin get a base salary and a bonus which is a fixed percentage of the incentive fees earned by the company. As a result, the investment staff is committed to achieving the best possible performance.
- The business development manager, Fabien Duteil, gets a base salary and a bonus which is a fixed percentage of the management fee earned on assets raised.

There is no legal commitment to the firm other than notice period (3 months for employees and 6 months for partners). Any employee who leaves the firm will loose his deferred bonus as well as the phantom equity owned.

E. Additions to and departures from the firm for the last three years (date, name, title, role, and specific situation)

There has been no departure from the firm since its inception. During the last 3 years, Partners Advisers hired Olivier Magnin in March 2002 and Fabien Duteil in September 2003. A part time assistant also joined in December 2003. Lastly, we are in final talks with candidate for a COO position.

IV. Legal Structure of Firm

A. Describe the ownership structure of the Investment Adviser.

100% of the ownership is split between Luc Estenne CEO and Jerome Muller, Head of Research.

B. What percentage of Investment Adviser ownership is held by employees? Investment committee? What percentage of ownership of the Fund is held by employees?

100% of the Investment Adviser is owned by the partners who are employees.

The ownership of the Fund is distributed among its investors who are shareholders.

C. Please outline the legal status and corporate structure of the fund manager and the investment advisor, including place of registration.

CUSTODIAN BANK, REGISTRAR AND TRANSFER AGENT, DOMICILIARY, ADMINISTRATIVE, PAYING AND LISTING AGENT
Banque Privée Edmond de Rothschild Europe
20, Boulevard Emmanuel Servais
L-2535 Luxembourg

INVESTMENT ADVISER AND PRINCIPAL DISTRIBUTOR
TT Partners Ltd.
The Huntlaw Building
75 Fort Street
P.O. Box 1350 George Town
Grand Cayman, Cayman Islands

TT Partners Ltd is owned by Partners Advisers SA and Trend Trust SA (CH-660-0542999-4). Trend Trust SA is a Geneva based company that is co-sponsor of the A.R.T SICAV. Trend Trust SA has the exclusive use and distribution of the A.R.T A Portfolio.

Partners Advisers SA
100, rue du Rhône, 1204 Genève
CH-660-1120998-3

D. What is the capital base of the Investment Adviser?

Partners Advisers SA is a fully privately owned and independent company.

E. Please describe available credit facilities for the firm in detail. (entity type, facility type, amount, expiration date etc.)

Partners Advisers SA aims at auto-financing its structure and future developments.

Credit facility exists at the A.R.T – Absolute Return Target Fund level, as detailed under question VI.C.

F. By which bodies are the Fund Manager and Investment Adviser regulated and / or registered?

Partners Advisers S.A. is a limited liability company registered in Geneva, Switzerland (CH-660-1120998-3).

Partners Advisers SA is a member of AIMA – Alternative Investment Manager Association and has adhered to the Code and Standards of Conduct as edited by the CFA Institute.

As an investment adviser, Partners Advisers SA is not regulated under the Swiss Banking laws.

G. Please provide NFA number if applicable.

Not applicable

H. Are you aware of any outstanding legal action against Fund Manager and Investment Adviser or any of its' staff?

No and there isn't any.

I. Please list any / all past legal action against the fund manager or any of your staff, if applicable.

Not Applicable

J. Are the Fund Manager and Investment Adviser externally audited, by whom and are audited accounts/or other public information available to investors?

Yes, Fund Manager and Investment Adviser are externally audited.

The firm Auditing body is:
Audiconsult SA,
rue du Cendrier 15,
CH- 1201 Genève
CH-660-0376987-1

The A.R.T Fund SICAV auditor is:
Ernst & Young
6 rue Jean Monnet
L-2180 Luxembourg

K. Please describe the firm's professional indemnity coverage.

As a Luxembourg SICAV, A.R.T. Fund management legally relies on its Board of Directors. Banque Privée Edmond de Rothschild Europe holds the majority on the Board and acts as a legal sponsor vis-à-vis the CSSF. Accordingly, A.R.T. Fund benefits from Banque Privée Edmond de Rothschild Europe indemnity coverage.

V. Potential Areas of Conflict of Interest

A. Does the Investment Adviser operate its own trading desk? If so, what is its' mission.

No.

B. What is the firm's policy to committing proprietary funds to Hedge Funds selected by the Investment Adviser and towards funds launched with joint venture partners. Do you take equity stakes in Hedge Fund managers or their funds?

Partners Advisers doesn't take equity stakes in individual hedge fund or hedge fund managers. Both Luc Estenne and his family have direct investments in hedge funds which were selected for A.R.T Fund. Luc Estenne's family has part of its net worth invested in A.R.T and part invested directly with individual hedge funds. The overlap of positions between the direct investments and A.R.T is more than 80%.

This reflects Partners Advisers philosophy of eating the same cooking as investors.

C. Does the Investment Adviser place Hedge Funds managed by the Investment Adviser in client Multi-manager Funds?

Partners Advisers doesn't manage single hedge funds.

D. Do any personnel occupy trading positions outside the Investment Adviser?

No.

E. Does the Investment Adviser have any marketing/sales agreements with current or potential hedge fund managers? If so, does the Investment Advisor invest Fund assets in such fund managers?

Partners Advisers is truly independent and only wants to act on the buy side. As a result, the company doesn't sell or market any single manager hedge fund nor does the company have any marketing/sales agreement with current or potential hedge fund managers.

F. Do you receive retrocessions on the underlying funds in which you have invested? If so please specify.

Partners Advisers doesn't receive any retrocession from underlying funds.

G. Please define the policy towards family/partner/key personnel holdings in Investment Adviser products. What is the amount of money that these people have invested in the fund?

"Investing alongside its partners" is a key objective for Partners Advisers SA. There's 80% overlap between the investment made for the family assets and the investment advised for partners/investors. Moreover, there are large family investments in A.R.T. Fund as well.

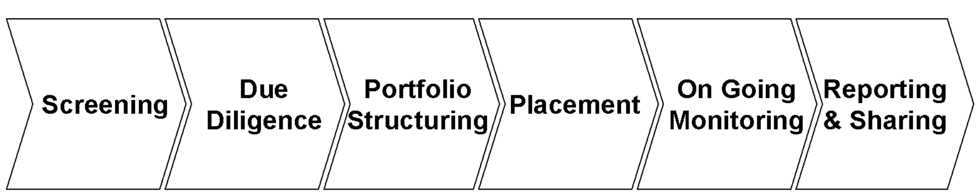
H. What procedures are in place to ensure that no conflicts of interest can arise between the nostro book and client accounts/funds?

Not applicable. Partners Advisers SA doesn't manage a nostro book.

VI. Investment Philosophy and Process

A. Describe in detail your investment philosophy.

Partners Advisers has developed a structured and flexible investment management process summarized in 6 key steps:



Partners Advisers mission is to provide its partners an optimal risk adjusted absolute return. The investment philosophy which serves this objective is characterized by:

- A risk analysis centred approach

Our investment philosophy is built on the premises that no returns can be achieved without taking risks. Accordingly our approach is centred on risk analysis, risk management and risk monitoring. These enable Partners Advisers to comprehend the "performance engine" of the strategy, the nature of alpha and the manager's ability to protect capital.
The corollary to this focus on risk is the conviction that qualitative analysis is paramount and should be over-weight vis-à-vis quantitative analysis.

- A diversified approach to portfolio construction

Partners Advisers strongly believes that diversification is a key success factor of optimal risk adjusted absolute return production. Diversification allows the adequate combination of managers, strategies and risks while limiting the potential negative impact of misconducts or large drawdowns. Moreover diversification allows for a gradual approach to hedge fund allocation (farm team, intermediate and senior) to be adequately implemented.

B. Define the fund's risk / return profile and expected annual rate of return.

For A.R.T – B Arbitrage Portfolio, the objectives are:

Return in Bull Market	LIBOR + 600bp
Return in Bear Market	LIBOR + 600bp
Maximum Annualized Volatility	4%
Correlation to MSCI	No significant correlation
Correlation to JPM Global Bond	Low correlation
Maximum Drawdown	3%
Substitute to	Bond Portfolio

C. Please define and review the fund's use of leverage in the portfolio construction process.

Maximum leverage for all accounts managed is 25%, split into 15% of bridge financing facility and 10% of economic leverage. All funds managed have been more than 100% invested for more than a year (around 110% invested).

D. Are there any discrete periods where the fund has not achieved its target rate of return? If so, please elaborate on the cause(s).

A.R.T. Class B has underperformed its objective of Libor+600bp in 2002. The cause of underperformance was twofold:

- June and July 2002 credit crunch. Starting 2002, Partners Advisers became very constructive on the US credit market. Credit spreads were at historically high levels, the US economy was improving and and companies were taking advantage of low interest rates to refinance their debt and repair their balance sheet. As a result, the part of Distressed Securities and L/S Credit funds was increased during the spring of 2002. In June and July, when Worldcom defaulted, the whole credit market lost ground and achieved its worst performance in history (high yield bonds at least). A.R.T. Class B lost 0.6% during each of those two months.

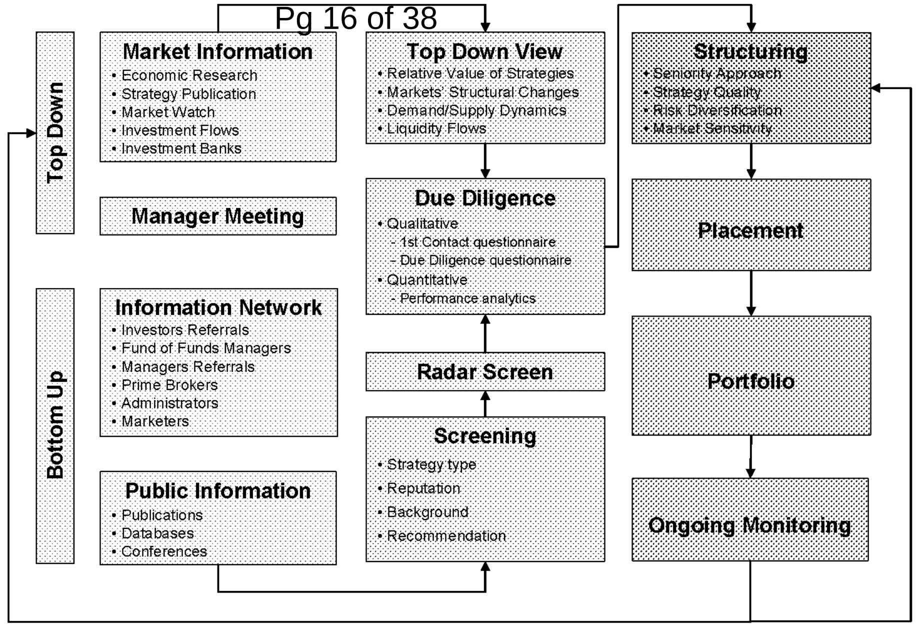
- Beacon Hill Blow up.: Partners Advisers knew Beacon Hill from their start back in 1996 and was an early investor in their Bristol Fund. Thorough due diligence had been made on them, including verification of their pricing methodology and verification of independent pricing by their administrator, ATC in the Cayman Islands. Partners Advisers also had made their portfolio reviewed by a specialized MBS trader on numerous occasions. What was unknown to Partners Advisers, though, was that ATC was using the same software used by Beacon Hill to price securities to theoretical, rather than market. In the following years, frequent meetings took place between Partners Advisers and Beacon Hill and the fund was added to our Arbitrage Funds. The position never exceeded 3.5% of assets, mainly because of the strategy. While we thought that Mortgage Backed Securities Arbitrage offered good diversification benefits to an Arbitrage Portfolio, we were nevertheless cognizant that the strategy had a tendency to exhibit fat tail behaviours. In October 1998, the fund lost 12.5%, in one of those fat tail events, which actually increased our comfort level as the manager was able to limit the losses in an extreme environment. In September 2002, the manager announced that the fund had lost 50% of its value. Interestingly, even players with total daily transparency on the portfolio were not able to recognize any problem and to exit the fund in time. The high leverage of the strategy, its short volatility characteristics and the lack of liquidity in the underlying markets contributed to the blow up.

Since then, we have strengthened our risk management procedures and verification of independent NAV calculation. We have also exited all funds which have a combination of high leverage and illiquid instruments in their portfolios.

E. Describe the top down asset allocation approach and bottom up individual investment approach used.

Portfolios are constructed using both a bottom-up and top-down approach:

- Top down analysis is used to size the strategy allocation and ensure that the portfolio is well balanced between uncorrelated and complimentary strategies and risks. Depending on market and macro economic conditions, as well as the relative value analysis of strategies, certain strategies will be overweight or underweight in the portfolio.
- Bottom up fund picking is used to populate these strategies, once the strategy allocation has been defined. Bottom up analysis includes a thorough due diligence of the fund and fund manager for each potential fund to be included in the portfolio. Due diligence process includes a review of all organisation/structure risks and all strategy/portfolio risks (discussed in more details below). The due diligence process also includes at least one on-site visit, a review of the strategy, portfolio management, risk management, backgrounds, organisation, compliance, third parties, fund structure, investment conditions. Reference checks on the principals are made as well to insure good quality and morality of the manager. The reference check by third party specialized company is time to time brought in place.



F. Describe the investment-decision making process with respect to buy and sell decisions and list members of the investment committee and their roles as it relates to the process.

Position initiation
Positions are initiated when both the top down and the bottom up analysis provide ground for the addition of the specific position. This means that the position has to be in a strategy we favour, and the due diligence process has to justify taking the position.
Moreover, at the portfolio level, the position has to provide diversification vis-à-vis existing positions.
A position can also be invested without consideration to top down analysis. This happens in two distinct instances:

- Replacement of a redeemed position to maintain the allocation to the strategy.
- Addition of an outstanding fund which offers a unique investment opportunity. In this case the bottom up analysis is so compelling that top down considerations are subordinated.

Position exit
Positions are exited following the "3P rule":

- People: change in management people, or launch of too many products which distract people from the management of the product we are invested in, change in ownership structure.
- Process: change in strategy, organization or structure, assets under management becoming too large for the strategy, style drift.
- Performance: inadequate performance.

Partners Advisers believes it is adequate to redeem a fund because of people or process as it has no control on these elements.

For both subscriptions and redemptions, the partners of the firm have to agree on the decision during formal monthly investment committees. Moreover, for new investments, both partners must have met the manager prior to an investment.

G. Please outline the process used to invest significant cash contributions relative to the size of the fund. Do you limit the size of inflows into the fund?

Large cash contributions are usually added to our existing positions, as we have capacity agreements. Albeit we have never been confronted to a situation where we had to limit the size of inflows, we would do so if we felt that cash would be difficult to put to work.

H. Define the portfolio construction methodologies and stages of portfolio construction.

1. Diversity

   a. Maximum, minimum, and current number of positions held in the fund.

      There are a minimum of 20 positions in the A.R.T B Arbitrage Portfolio. The A.R.T B Arbitrage portfolio has 34 positions, per March 2004.
      Partners Advisers builds up positions gradually and sizes positions according to bottom up analysis in three categories.

      - Farm Team positions: typically represent between 1% and 3% of assets. These positions are built with unproven, young managers, or managers which Partners Advisers has a new relationship with. The position size reflects the higher risks of the position and the uncertainty surrounding the manager. After 12 months the position is reviewed and either upgraded to Intermediate or redeemed.

      - Intermediate positions: typically represent between 2% and 4% of assets. These are positions which Partners Advisers has already some experience with or which have been existing funds for some time. They can also be farm team positions with outstanding references.

      - Core positions: typically represent between 5% and 7% of assets. Core positions are those Partners Advisers is very comfortable with, where all of the elements including strategy, risk management, track record, organization, structure, team, background and references are outstanding.

   b. Fund's current maximum percentage of exposure to a single manager?

      The maximum allocation in a single manager is 7% at cost. Current largest exposure is 6.07% in CQS Convertible and Quantitative Strategies Fund.

   c. Define the terms of the most restrictive single manager lockup currently held in the fund.

      The most restrictive single manager is D.E. Shaw Composite, where redemptions are possible only once a year, on 90 days notice. Moreover, only 1/3 of the position can be redeemed at any year end, implying a 3 year period to get out of the fund totally.

   d. Percentage of portfolio invested in top ten holdings.

      52.41% of the A.R.T B Arbitrage Portfolio is invested in the 10 top holdings.

   e. Are there capacity issues / concerns regarding your favoured single managers?

      Capacity and access are ensured in three different ways:

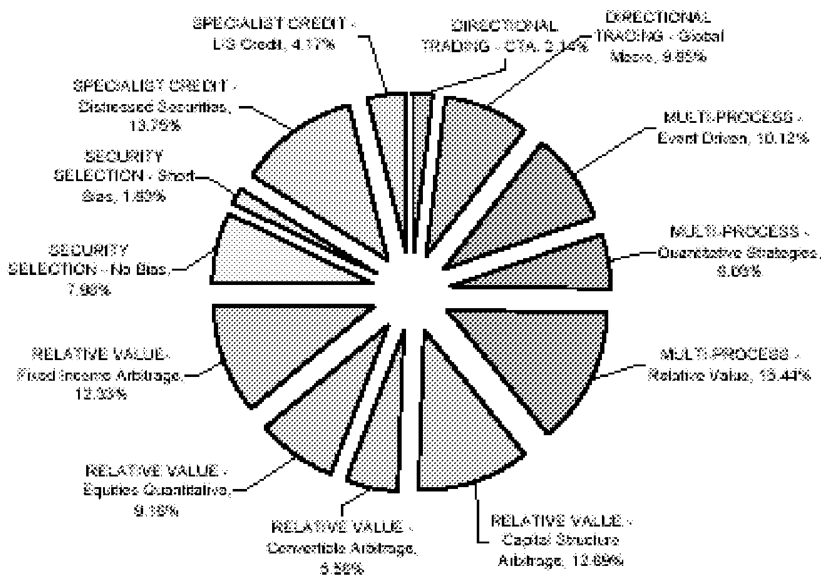
      - Capacity is systematically negotiated with the manager when a new investment is made in a hedge fund.
      - Partners Advisers status and network of contact enable us to develop quality relationships with our managers in order to have privileged capacity when possible.
      - A.R.T. – Absolute Return Target Fund has a number of custody accounts opened with banks and administrators which are active on the hedge fund grey market.

Currently, the portfolio capacity split is as follows:

- Open Funds: 12%
- Closed fund with Capacity for Partners Advisers: 43%
- Closed fund taking money occasionally from Partners Advisers: 20%
- Closed fund without capacity: 27%

Based on the above and due to the high level of diversification of our fund of hedge funds, we currently have very few capacity concerns. Moreover some allocations have been overweighed in order to accommodate new inflows in our fund of hedge funds.

f. Please describe the categorisation of strategies and the ranges applied to each.



Each strategy can range from 0% to 20% depending on opportunities, risks and on our view of the macro-economic environment. All changes to strategy weights will likely be done gradually.

I. Describe your risk assessment and risk management structure. Please address Market Risk, Operational Risk, Transparency Risk, Credit Risk, Liquidity Risk, Counterparty Risk, and Style Drift.

On an ex-post basis, risk and rewards are measured and managed using classical statistical tools and analysis. On the risk measurement side, Partners Advisers tends to focus on drawdown measures rather than on standard deviation measures which do not differentiate between upside or downside volatility. Partners Advisers also uses rolling statistics.

On an ex-ante basis, risk factors are gathered into two groups for each hedge funds in the portfolio:

- organisation/structure risks

- strategy/portfolio risks.

A thorough review of both group of risk factors is conducted in order to assess the risk of each underlying the hedge fund. Strategy/portfolio risks are also aggregated in order to manage these risk at the fund of hedge fund level.

As part of the **organisation/structure risk management**, the following elements are reviewed to avoid organisational problems:

- Financing risk
- Counterparty risk
- Organisational risk
- Compliance risk
- Regulation risk
- NAV calculation risk
- Pricing difficulty risk
- Liquidity risk
- Transparency risk
- Partnership structure risk
- Third Parties risk
- Background/references risk
- Assets under management risk

The second group of risk factor we analyze is strategy/portfolio risks which include the follows:

- Market Beta risk
- Erratic Markets risk
- Style risk
- Concentration risk
- Leverage risk
- Momentum risk
- Liquidity risk
- Liquidity providing risk
- Credit risk
    - Correlation risk
- Volatility risk
- Duration risk
- Short term interest rate risk
- Yield Curve risk
- Basis risk
- Spread risk
- Currency risk

1. What types of "alert" factors are used in monitoring single managers?

   There are three types of alerts used in monitoring:

   - Unusual performance given the strategy and risk profile of a manager, is usually a warning sign. This triggers a visit or a phone call.
   - Stop loss is reached: each position has a stop loss. If the stop is reached, an in-depth review is conducted and the position will likely be redeemed.
   - Sudden increase in risk factors. If one of the risk factors monitored by the team spikes higher, this would trigger a review.

2. Do you use stop losses?

   As part of the due diligence process, a stop loss is determined for each position.

   Stop losses are defined even before investment and are directly managed at the portfolio level.

3. Do you have contracts with managers detailing specific draw downs permitted?

   The stop loss level is openly discussed with the hedge fund manager and is determined by the risk profile of the mandate, the return objective, as well as the risk profile of the underlying hedge fund. If any hedge fund in the portfolio hits the stop loss, the position is reviewed and will likely be redeemed.

J. In the last 12 months which strategies contributed to and detracted from the performance of the fund?

During the last 12 months, all strategies contributed to performance with the exception of CTA and Short Bias:

- CTA style represents less than 2% of the portfolio and is actually comprised of 1 fund only. This fund has had a bad run and is down for the last 12 months. It is in the process of being redeemed.
- Short Sellers are what we consider to be portfolio insurance. While they should provide some protection in a down market, they tend to detract from performance in very good markets as the ones witnessed during the last 12 months.

All other strategies were positive, the best performing strategy being Specialist Credit, which benefited from sharply tightening credit spreads.

K. What criteria do you use to evaluate an investment manager's "edge"?

Edges are by definition hard to acquire and hard to categorize. A manager's edge often consists of competitive advantages in different domains, should it be trading, background, systems, portfolio construction, market traded, team, etc. Generally speaking, a manager's edge is a function of the following 3 elements:

- Market Traded: If the manager trades in an established, liquid and deep market, where barriers to entry are low, he won't have an edge unless he uses a specific strategy which is hard to replicate. On the other hand, if the manager focuses on niche markets, where barriers to entry are typically high, this might constitute an edge, even if the strategy is relatively unsophisticated.
- Strategy: Strategy is a clear differentiator among managers, especially in developed markets. Strategy edges include: better access to market information, better processing of market information, better quantitative models, better research, implementation of new strategies, to name just a few.
- People: The team and backgrounds of key personnel is another clear edge for hedge funds. This is particularly true for strategies which need a lot of "brain power", including quantitative strategies or complex arbitrage.

L. Number of analysts employed by firm and the average number of hedge funds covered by each analyst

Partners Advisers SA employs 3 investment professionals. The ratio of funds per analyst is less than 20. Strategies are split across analysts as follows:

Luc Estenne:	Relative Value – Fixed Income Arbitrage
	Relative Value – Equities Quantitative
	Multi-Process – Quantitative Strategies
	Directional Trading – CTA
	Directional Trading – Global Macro
Jerome Muller	Relative Value – Convertible Arbitrage
	Relative Value – Capital Structure Arbitrage
	Multi-Process – Relative Value
	Multi-Process – Event Driven
	Specialist Credit – Distressed Securities
	Specialist Credit – L/S Credit
Olivier Magnin:	Security Selection – No bias
	Security Selection – US focus
	Security Selection – Europe Focus
	Security Selection – Asia Focus
	Security Selection – Sector Focus
	Security Selection – Short bias

M. Who makes the final buy / sell decision? How does the analyst's recommendation weigh in this process? Please explain

As per developed in Chapter VI.F: "For both subscriptions and redemptions, the partners of the firm have to agree on the decision during formal monthly investment committees. Moreover, for new investments, both partners must have met the manager prior to an investment."

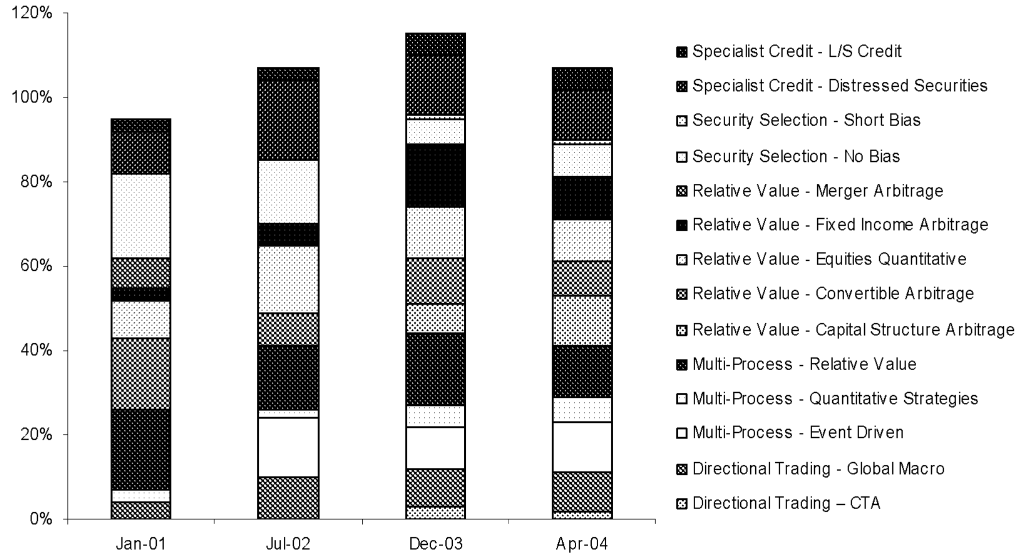
N. Frequency of top down strategy allocation changes

The macro-economic environment and market conditions are assessed on an ongoing basis by the two partners. Top down views are formed by meetings with hedge fund managers and market information.

Changes are usually done at the margin and longer term trends or views are expressed in the portfolio. As a result, Top down allocation changes are done on an ongoing basis.

The Strategy allocation for A.R.T. Class B, at four different points in time was as follows:

	Jan 01	Jul 02	Dec 03	Apr-04
Directional Trading – CTA	0%	0%	3%	**2%**
Directional Trading - Global Macro	4%	10%	9%	**9%**
Multi-Process - Event Driven	0%	14%	10%	**12%**
Multi-Process - Quantitative Strategies	3%	2%	5%	**6%**
Multi-Process - Relative Value	19%	15%	17%	**12%**
Relative Value - Capital Structure Arbitrage	0%	0%	7%	**12%**
Relative Value - Convertible Arbitrage	17%	8%	11%	**8%**
Relative Value - Equities Quantitative	9%	16%	12%	**10%**
Relative Value - Fixed Income Arbitrage	3%	5%	15%	**10%**
Relative Value - Merger Arbitrage	7%	0%	0%	**0%**
Security Selection - No Bias	20%	15%	6%	**8%**
Security Selection - Short Bias	0%	0%	1%	**1%**
Specialist Credit - Distressed Securities	10%	19%	14%	**12%**
Specialist Credit - L/S Credit	3%	3%	5%	**5%**



O. Frequency of hedge fund additions / deletions, and average holding period.

The classification of the positions is:

- **Farm team positions** have a high turnover, since positions are upgraded or redeemed within a 12 months time frame. Average turnover on farm team position is approximately 70%.

- **Intermediate positions** have much lower turnover, although certain positions are redeemed following the "3P" rule. Average turnover is approximately 25%.

- **Core positions have very low turnover.** Most of them are held for multi-year periods and are generally redeemed because of problems of process or people. Average turnover is 10%.

VII. Products and Performance

A. Please provide details of Investment Adviser track record both in terms of performance against the Fund's stated aim and peer groups. Where a long-term track record is not available, please provide (where possible) audited performance statistics for discretionary mandates.

In accordance with A.R.T B Arbitrage Portfolio objectives Libor + 600, last 39 months track is:

Returns Analysis

Fund: ART B Arbitrage (USD)	**Data Range:**	**Jan-96**	**To**	**Mar-04**
Index: USD Libor 1M + 600bp	**Data Range:**	**Dec-98**	**To**	**Apr-04**
Report: Selected Options	**Data Range:**	**Jan-01**	**To**	**Mar-04**

2001	Jan	Feb	Mar	Apr	Mai	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund	2.55%	0.66%	0.82%	1.04%	0.79%	-0.41%	0.10%	0.61%	-0.22%	0.51%	0.65%	0.87%	**8.24%**
Index	0.92%	0.89%	0.88%	0.83%	0.80%	0.79%	0.78%	0.77%	0.69%	0.67%	0.65%	0.63%	**9.71%**
2002													
Fund	0.47%	-0.17%	0.54%	0.65%	0.60%	-0.65%	-0.63%	0.50%	-2.29%	-0.22%	1.13%	0.75%	**0.63%**
Index	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.62%	0.60%	0.60%	**7.75%**
2003													
Fund	1.66%	0.76%	-0.26%	1.10%	1.96%	0.59%	-0.14%	-0.15%	2.05%	0.35%	0.65%	0.85%	**9.80%**
Index	0.59%	0.59%	0.59%	0.59%	0.59%	0.57%	0.57%	0.57%	0.57%	0.57%	0.58%	0.57%	**7.21%**
2004													
Fund	1.76%	0.98%	0.52%										**3.29%**
Index	0.57%	0.57%	0.57%										**1.73%**

In Accordance with Lloyds peer group analysis, the MSCI World free index versus A.R.T B Arbitrage Portfolio is:

Returns Analysis

Fund: ART B Arbitrage (USD)	**Data Range:**	**Jan-96**	**To**	**Mar-04**
Index: MSCI World Free Index	**Data Range:**	**Jan-88**	**To**	**Apr-04**
Report: Selected Options	**Data Range:**	**Jan-01**	**To**	**Mar-04**

2001	Jan	Feb	Mar	Apr	Mai	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund	2.55%	0.66%	0.82%	1.04%	0.79%	-0.41%	0.10%	0.61%	-0.22%	0.51%	0.65%	0.87%	**8.24%**
Index	1.88%	-8.55%	-6.73%	7.24%	-1.49%	-3.24%	-1.39%	-4.95%	-8.92%	1.85%	5.80%	0.56%	**-17.83%**
2002													
Fund	0.47%	-0.17%	0.54%	0.65%	0.60%	-0.65%	-0.63%	0.50%	-2.29%	-0.22%	1.13%	0.75%	**0.63%**
Index	-3.10%	-1.00%	4.24%	-3.52%	-0.04%	-6.20%	-8.51%	0.00%	-11.13%	7.28%	5.25%	-4.95%	**-21.06%**
2003													
Fund	1.66%	0.76%	-0.26%	1.10%	1.96%	0.59%	-0.14%	-0.15%	2.05%	0.35%	0.65%	0.85%	**9.80%**
Index	-3.12%	-1.90%	-0.56%	8.64%	5.45%	1.56%	1.92%	1.98%	0.48%	5.83%	1.38%	6.18%	**30.82%**
2004													
Fund	1.76%	0.98%	0.52%										**3.29%**
Index	1.54%	1.55%	-0.89%										**2.20%**

B. Does Investment Adviser have any plans to launch new products in the future. If so, what and when? Will you be adding the investment management team to accommodate the new product?

Yes, two additional compartments will to be added to the A.R.T – Absolute Return Target Fund in 2004.

A L/S Equity Strategy compartment which will globally allocate to L/S equity strategies exclusively.

A Trading Compartment which will allocate to macro, fixed income arbitrage, CTA and other trading strategies.

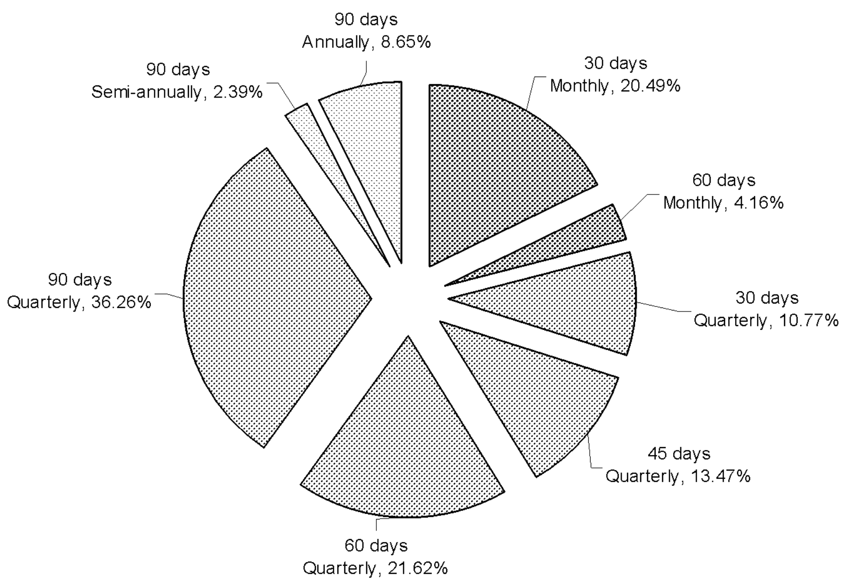
The assets of the two new A.R.T Fund compartments will be allocated to hedge funds in which Partners Advisers is currently invested. Accordingly no additional analyst's resource will be needed.

C. Liquidity of Funds – Detail the Fund's liquidity terms. What is your policy with respect to investing in underlying funds with liquidity terms in excess of you own funds' terms?

The liquidity of A.R.T – Absolute return target fund is monthly with 32 day notice and a 10% gate.
In order to ensure the liquidity of the fund of hedge funds we use the following:

- A.R.T. Fund portfolio's are subject to the following liquidity rules: minimum 20% of monthly liquidity funds, minimum 60% of quarterly liquidity funds and no more than 15% of over a year liquidity. The following pie charts summarize the liquidity term of the different A.R.T strategies in September 2003.
- A.R.T. benefits from a 25% credit line which can be used to facilitate the management of the fund and improve liquidity in case of sizeable redemptions.

Class B – A.R.T – ARBITRAGE Portfolio. Liquidity Break Down



D. How do you monitor performance and what indices are used?

Performance is monitored on an ongoing basis based on weekly estimates from underlying hedge funds. Official computation is done once a month and a monthly formal investment committee reviews individual hedge fund performances.

The benchmark used for A.R.T. B Arbitrage Portfolio is 1 month Libor + 600bp. Our proprietary analytical tools allow for multiple comparisons of individual hedge funds or fund of hedge funds against most indices and peers group. Also Partners/Investor ad hoc performance reporting and comparisons could be produced, fulfilling specific requirements.

Performance of our fund of hedge funds is also monitored against major hedge fund indices and investable indices and against competition.

E. How are clients informed of corporate actions, structural changes, etc?

As a Luxembourg SICAV, A.R.T. Fund communication to its investors is clearly structured by the law. Investors are informed of corporate actions and structural changes by Banque Privée Edmond de Rothschild Europe who acts as administrator and maintains the Share Register. Communication is made by fax.

F. What is the Fund's Total Expense Ratio and how is it broken down? Please include underlying funds in calculation.

The TER Ration is not computed for A.R.T - Absolute Return Target Fund. All the performances are expressed net of all fees.

VIII. Risk / Return

Please provide the following statistics.
Detailed statistics are in appendix, including comparison versus Libor +600bp and MSCI World Free index.
The reference period is January 2001 to March 2004, RFR 5%

A. Annualised Sharpe Ratio for A.R.T B Arbitrage Portfolio

0.58

B. Annualised Standard deviation (5%) for A.R.T B Arbitrage Portfolio

2.97%

C. Downside Deviation (%)for A.R.T B Arbitrage Portfolio

1.43%

D. Annualised Sortino (5%) for A.R.T B Arbitrage Portfolio

3.01%

E. Maximum Drawdown (%)for A.R.T B Arbitrage Portfolio

-3.27%

F. Percentage of positive months (%)for A.R.T B Arbitrage Portfolio

74%

G. Alpha (MSCI World Free) & Beta for A.R.T B Arbitrage Portfolio

0.57% & 0.078

H. Annualised Sortino Ratio (5%) for A.R.T B Arbitrage Portfolio

3.01%

I. Minimum / maximum percentage of fund held in cash for A.R.T B Arbitrage Portfolio

Minimum -10%, Maximum 0%

J. Subscription and redemption frequency for A.R.T Absolute Return Target Fund

Subscription: Monthly, 3 trading days notice.
Redemption: Monthly, 32 Calendar days notice.

IX. Investment Management and Due Diligence

A. Manager Identification Process

1. How do you identify new managers and strategies? Please give the percentage of managers derived from each type of source.

   In 2003 Partners Advisers screened more than 250 managers' presentations, met about 150 new managers and invested in 25 managers.

   The vast majority of new managers are sourced through our network of contacts with family offices and with other fund of hedge funds,. The second largest source are hedge fund manager referals. Finally, a minority of funds are sourced through prime broker capital introduction services and industry publications. We very rarely invest in a fund represented by a third party marketer.

2. Explain the qualitative and quantitative processes undertaken in selecting new managers. Which process, qualitative or quantitative, dominates?

   The qualitative analysis involves recurring on site meetings with the manager and its team. The process leads to the writing of a due diligence report. Partners Advisers believes it is more informative to ask live questions in face to face meetings. Accordingly Partners Advisers favours the use of a due diligence framework which includes the titles which need to be covered.

   Our investment philosophy is built on the premises that no returns can be achieved without taking risks. Accordingly our due diligence is centred on risk analysis in order to comprehend the "performance engine" of the strategy, the nature of alpha and the manager's ability to protect capital. Risk factors are gathered into portfolio/strategy risks and structure/organisation risks.

   The quantitative analysis is an additional tool we use to complete and test our qualitative analysis. It includes the analysis of a hedge fund against another hedge fund or an index, and the portfolio analysis which compares the hedge funds included in a portfolio and includes a correlation analysis. Please see the attached example.
   The corollary to this focus on risk is the conviction that qualitative analysis is paramount and should be over-weight vis-à-vis quantitative analysis. Indeed, quantitative analysis tends to be mostly backward looking and has limited predictive power.

3. Please explain the detailed due diligence processes undertaken on Managers and provide us with a full due diligence file of one of the funds you hired as well as on one of the funds that failed in your evaluation.

   The due diligence process includes the following steps:

   - Meetings with managers by the two partners. At least 1 and preferably 2 on-site visits.
   - In-depth reference checks both professionals and among our contact network.
   - In the process of being put in place, background analysis by a private investigation firm.
   - Writing of a due diligence report (as attached).

   Due diligence process includes a review of all organisation/structure risks and all strategy/portfolio risks (discussed in more details below). The due diligence process also includes at least one on-site visit, a review of the strategy, portfolio management, risk management, backgrounds, organisation, compliance, third parties, fund structure, investment conditions. Reference checks on the principals are made as well to insure good quality and morality of the manager.

During the due diligence process the collected information is hand written. Due diligence information content and analyst's conclusions are reviewed and discussed during the regular investment committee. For efficiency purposes, the due diligence notes are imputed into a word processor once the investment decision has been made. Accordingly, no failed manager due diligence are available.

4. Do you use outside people or groups to do independent background checks on managers?

   We have recently started to use a background investigation company to verify backgrounds on some of our managers. This company will systematically review our portfolio over the coming months and will systematically review new managers before they are invested.

5. Please discuss the process / procedure which allows boutique / highly specialised hedge fund managers to be considered for fund investment?

   One of Partners Advisers SA edge is the ability to source and invest with managers at very early stages, allowing us to benefit from their out performance and providing us with important capacity guarantees. Those managers are usually boutiques. The process is to invest very small positions (usually 1% of assets) and grow the position once they confirm their money making skills and their ability to run a business, add checks and balances, controls and staff.

6. Do you make equity investments in underlying hedge fund managers? Please explain and detail contractual terms that permit the redemption of such managers.

   No.

7. Do you use niche or specialised fund of funds / feeder funds to acquire specific exposure(s) in the fund? Please explain

   No.

8. What is the policy you apply to managers' pricing of their portfolios? Does it differ by strategy? Please give examples of exceptions to this policy.

   Managers are requested to have their funds priced independently, usually by the administrator or an outside consultant/audit firm. Exceptions are very large groups (like D.E. Shaw), where pricing is done by an entity affiliated to the group. In this instance, pricing is not done independently, but it is nevertheless separated from portfolio management. The latter group of funds represent a small minority of funds in the portfolio.

9. Do you have a dedicated back office due diligence process? Is there a separate team that conducts this due diligence? Are there specific circumstances that you will not accept within a back office structure of a hedge fund? Can back office due diligence disqualify a fund? Does this back office team have a veto on the investment management committee?

   Operational due diligence is currently conducted by the hedge fund analyst. Operational due diligence focuses on risk factors (as discussed in Point VI. i.).
   Partners Advisers SA is in the process of setting up a dedicated operational due diligence which will, as a first step be processed by the investment team and in a second step by the company's COO, once on board.
   Operational problems or issues can disqualify a fund from investment. This has been the case in the past. Typical elements which disqualify funds is an absence of separation of duties, an understaffed back office and operations team, lack of compliance procedures, or lack of solid financing agreements.

10. What constraints are there on firm's ability to research new managers?

    The firm has no constraint in its ability to research new managers. This is due to the following:
    Since 1987, Partners Advisers has accumulated a long experience in hedge fund selection which allows the partners to be on top of the market, and very efficient.
    All investment staff travels intensively to meet with both existing and potential managers (approximately 1 week every month to most parts of the globe).
    Partners Advisers has built a network of contacts which primarily includes other family offices, fund of hedge funds and hedge fund managers. The company takes great care at managing and developing its network which constitutes a key competitive advantage to source and select.

11. Who is required to meet with hedge fund managers as part of the due diligence process and prior to a capital investment?

    The CEO and the Head of Research meet with the manager and agree on the investment. They could veto each other on an investment.

12. What percentage of managers in your current portfolio have you invested with for less than one year?

    Out of the 35 Funds currently held in the portfolio, 5 were invested with less than twelve months ago.

B. Ongoing Manager Monitoring

1. Please outline the on-going monitoring processes, both of the Fund of Funds and the individual hedge funds, and who is responsible for this task.

   At the fund of funds level i.e. A.R.T – Absolute Return Target Fund (since we do not invest in other fund of hedge funds) monitoring is ongoing, as there are daily discussions on allocations, funds, risks, portfolio construction. Moreover, there is a monthly formal investment committee where all the underlying positions are reviewed both on a qualitative and quantitative basis. Major subscription/redemption decisions are taken during this monthly meeting. Lastly, the two partners gather formally each quarter for a risk meeting, where risks at the single hedge fund and fund of funds levels are reviewed thoroughly. This review includes both strategy/portfolio risks and operational/structural risks.

   At the individual hedge fund level, monitoring is done both by frequent phone calls and on-site visits. The analysts visit active funds at least every six months, usually every 3 months for large positions. Moreover, visits or phone calls take place if there is specific news on a given fund (personnel turnover, over or disappointing performance, or else).

   During on site visits or phone call, the following information is gathered and reviewed:

   - Changes in employees, turnover, organisational structure
   - Assets under management, and fund openness status, capacity agreement
   - Any miscellaneous operational points
   - Current strategy
   - Current portfolio positioning
   - Current economic outlook
   - Sector /geographical allocation
   - Strategy allocation (for multi-strategy funds)
   - Portfolio composition (name and size of positions)

- Recent performance in absolute terms and compared to peers
- Risk factors (all operational and strategy risks are reviewed on site)
- General conclusion and next action.

2. Do you modify your monitoring process in terms of different strategies and asset classes?

   Yes. While most part of the monitoring process is the same for all hedge funds, some part of the review will be different. This is particularly the case with the risk factors. Partners Advisers has designed risk matrixes which are strategy specific, as different strategies are exposed to different risks. These risk matrixes are reviewed and completed during each on site visit.

3. Explain qualitative work performed in the monitoring process.

   Please refer to Chapter VIII.B.1 above.

4. Outline the circumstances in which a hedge fund would be terminated.

   Positions are exited following the "3P rule":

   - People: change in management people, or launch of too many products which distract people from the management of the product we are invested in, change in ownership structure.
   - Process: change in strategy, organization or structure, assets under management becoming too large for the strategy, style drift.
   - Performance: inadequate performance.

   Partners Advisers believes it is adequate to redeem a fund because of people or process as it has no control on these elements. When facts change, we change our mind.

   As part of the due diligence process, a stop loss is determined for each position before it is included in the portfolio. The stop loss level is openly discussed with the hedge fund manager and is determined by the objectives and risk to be taken in the mandate as well as the risk profile of the underlying hedge fund.

   If any hedge fund in the portfolio hits the stop loss, the position is reviewed and will likely be redeemed.

   Next to the 3P rule, some funds might be redeemed for top down reasons or asset allocation reasons.

5. Please give examples of cases where relationships with hedge fund managers have been terminated.

   The following is an extract for the 4th Quarter 2003 review of A.R.T. Class B Fund regarding redemptions made over the quarter:

   - **Eriswell Multi-Strategy Fund** (10/31/2003 for value date 12/31/2003): Multi-Process – Relative Value Strategies. This fund was added to the portfolio as a farm team 12 months ago. The team has had difficulties putting money at work and taking risks on their book. As such the performance was approximately flat and the position was exited. Following our "3P" rule for redemptions ("performance", "people", "process"), this redemption was made because of "process".

   - **JMG Triton Offshore** (12/31/2003 for value date 3/31/2004): Multi-Process – Relative Value Strategies. This manager is well known and respected among his peers. However, a lack of transparency and reporting as well as poor liquidity for investors made it hard for the Investment Advisor to assume his fiduciary responsibility. Therefore the position was redeemed. Following our "3P" rule for redemptions ("performance", "people", "process"), this redemption was made because of "process".

6. What sources of information does the firm use to monitor and validate conclusions on managers?

   After monitoring meetings Partners Advisers usually shares its conclusion with members of its contact network who are also investors in order to confront point of views and conclusions.

7. What level of transparency is expected from managers?

   Transparency is a tool which should enable us to control that:

   - the strategy is consistent with what the manager tells us,
   - the risks are within the predefine limits.

   Accordingly, we tend to favour risk aggregation over overly detailed transparency. The lighter the organisation the more transparency we ask. For the strategies where it makes sense (l/s equity, l/s credit and high yield, event-driven) we like to be able to see the portfolio and review the largest position on site with the manager.

8. At what frequency do you re-assess managers, what triggers prompt an immediate review or site visit?

   Next to the ongoing monitoring done by the analysts (which include reading, processing and analyzing of monthly/quarterly shareholder letters), on-site visits are organized every 3 to 6 months with active managers. During those meetings, managers are reassessed thoroughly as discussed in Chapter VIII.B.1 above.

   Over or poor performance, change in process, unusual portfolio composition, change in key staff member are the most common reasons for immediate action or on site visit.

9. Is the fund invested in Madoff? If so, please provide percentage per fund.

   No. The fund is not and never will be invested in Madoff.

10. Were you invested in LTCM, Manhattan, Askin, Beacon Hill, Lipper, Canary, Veras, Millennium, Clinton? If so, please explain.

    Partners Advisers was invested with Beacon Hill. No positions were held with any of the other funds listed nor any other funds which blew up.

    Beacon Hill: Partners Advisers knew Beacon Hill from their start back in 1996 and was an early investor in their Bristol Fund. Thorough due diligence had been made on them, including verification of their pricing methodology and verification of independent pricing by their administrator, ATC in the Cayman Islands. Partners Advisers also had made their portfolio reviewed by a specialized MBS trader on numerous occasions. What was unknown to Partners Advisers, though, was that ATC was using the same software used by Beacon Hill to price securities to theoretical, rather than market. In the following years, frequent meetings took place between Partners Advisers and Beacon Hill and the fund was added to our Arbitrage Funds. The position never exceeded 3.5% of assets, mainly because of the strategy characteristics. While we thought that Mortgage Backed Securities Arbitrage offered good diversification benefits to an Arbitrage Portfolio, we were nevertheless cognizant that the strategy had a tendency to exhibit fat tail behaviors. In October 1998, the fund lost 12.5%, in one of those fat tail events, which actually increased our comfort level as the manager was able to limit the losses in an extreme environment.

In September 2002, the manager announced that the fund had lost 50% of its value. Interestingly, even players with total daily transparency on the portfolio were not able to recognize any problem and to exit the fund in time. The high leverage of the strategy, its short volatility characteristics and the lack of liquidity in the underlying markets contributed to the blow up.

Since then, we have strengthened our risk management procedures and verification of independent NAV calculation. We have also exited all funds which have a combination of high leverage and illiquid instruments in their portfolios.

Manhattan: No investment has never been made in A.R.T – Absolute Return Target Fund. Investment in Manhattan have been under separated mandates or with the family assets.

Generally speaking, those two blow ups in our portfolio have strengthen our investment process.

11. Please give examples, if any, where fund managers in whom you were invested failed and closed the fund.

One fund, we currently hold in the portfolio, Condor Offshore, run by a firm called Admirael in San Francisco is in the process of closing down. This fund pursues a short selling strategy and had been added to the portfolio in October 2002 as portfolio insurance, receiving a 1% allocation. As any short seller, the fund suffered in 2003. The fund lost some more money in the early months of 2004. As a result, the portfolio manager decided to wind down the fund. The main reason for this was the manager heavy frustration with the markets and the impossibility to make money in the current market environment running a short biased strategy. Another reason was that the fund would take a long time to recoup losses, not taking any incentive fees in the process, making it difficult to have enough financial strength to continue run the business.

C. Risk Management

1. Outline firm philosophy towards your risk management process with respect to your hedge fund investments.

On an ex-post basis, risk and rewards are measured and managed using classical statistical tools and analysis. On the risk measurement side, Partners Advisers tends to focus on drawdown measures rather than on standard deviation measures which do not differentiate between upside or downside volatility. Partners Advisers also uses rolling statistics.

On an ex-ante basis, risk factors are gathered into two groups for each hedge fund in the portfolio:

organization/structure risks
strategy/portfolio risks.
A thorough review of both group of risk factors is conducted in order to assess the risk of each underlying the hedge fund. Strategy/portfolio risks are also aggregated in order to manage these risk at the fund of hedge fund level.

As part of the **organisation/structure risk management**, the following elements are reviewed to avoid organisational problems:

- Financing risk
- Counterparty risk
- Organisational risk
- Compliance risk
- Regulation risk
- NAV calculation risk
- Pricing difficulty risk
- Liquidity risk
- Transparency risk
- Partnership structure risk
- Third Parties risk
- Background/references risk
- Assets under management risk

The second group of risk factor we analyze is **strategy/portfolio risks** which include the following:

- Market Beta risk
- Erratic Markets risk
- Style risk
- Concentration risk
- Leverage risk
- Momentum risk
- Liquidity risk
- Liquidity providing risk
- Credit risk
- Volatility risk
- Duration risk
- Short term interest rate risk
- Yield Curve risk
- Basis risk
- Spread risk
- Currency risk
- Correlation risk

2. What risk management systems are used?

Risk management tools were developed in house and are proprietary. They consist in a mix of Cogendi (software for hedge fund portfolio management) and Excel programming.
All risk factors are monitored on an ongoing basis, each time an analyst has a contact (on the phone or on site) with the hedge fund manager. The objective is to ensure that no risk factor becomes too important and that no style drift occurs.

3. Explain VaR and Stress testing undertaken – how are they used to limit risks

At the individual hedge fund level, we use the Var and stress test provided by independent risk measure providers, administrators or fund managers. These are obviously very useful especially when it comes to more complex strategies where risk aggregation is more challenging. These measures are used to control the risk level of our managers and our exposure to different extreme market environments. They help us size our positions.

At our fund of hedge funds level, we do not use VaR or stress test as part of our risk management process as it would require us to exclusively invest with managed accounts in order to aggregate risks from the position level.

X. Investment Strategy and Portfolio Construction

A. Optimal number of managers in the fund.

Based on our experience, the optimal number of managers in A.R.T. Fund is around 30 per compartment. This number results from the following:

- The tolerance for concentration risk which limit the size of a position in an underlying hedge fund at 7% at cost.

- The portfolio structuring process which relies on the farm team, intermediary and senior position building.

- The low volatility constraints of the A.R.T. Fund.

B. Maximum/minimum weightings given to individual investment styles.

The maximum weighting allowed to an investment style in A.R.T. fund as per the prospectus is 20%.

C. Explain approach to leverage in individual funds.

Leverage we are willing to accept for individual hedge funds is a function of the strategy pursued by the given hedge fund. We do not use any leverage limits, but have maximum comfort levels for each strategy as follows:

- Security Selection: 2 times leverage (long+short over capital)
- Specialist Credit: 1.5 times leverage (long+short over capital)
- Directional Trading: 6 times leverage (long+short over capital, interest rate exposure adjusted to 10 year equivalent)
- Relative Value: 6 times for Convertible Arbitrage (long over capital)

  10 times for fixed income arbitrage (nominal, 3 times adjusted to 10 year equivalent)

  3 times for quantitative equities (long over capital)

  5 times for capital structure arbitrage (long over capital, nominal exposure)
- Multi-Process Those funds are generally a combination of the funds above.

D. Does the firm have the ability to leverage? If so, explain how the fund's use of leverage / borrowing is used across managers' allocation, diversification and liquidity.

A.R.T. Fund uses leverage to gain flexibility in the management of its portfolio of hedge funds. As such the leverage is mostly used for bridge financing purposes and rarely exceeds 15%. Accordingly, the allocation, diversification and liquidity constraints are expressed and managed as a percentage of the total portfolio value which potentially includes borrowing.

E. Outline approach towards fund liquidity, including how you have managed / would manage a significant redemption from the fund.

The liquidity of A.R.T – Absolute return target fund is monthly with 32 day notice and a 10% gate.
In order to ensure the liquidity of the fund of hedge funds we use the following:

- A.R.T. Fund portfolio's are subject to the following liquidity rules: minimum 20% of monthly liquidity funds, minimum 60% of quarterly liquidity funds and no more than 15% of over a year liquidity. The following pie charts summarize the liquidity term of the different A.R.T strategies in September 2003.
- A.R.T. benefits from a 25% credit line which can be used to facilitate the management of the fund and improve liquidity in case of sizeable redemptions.

F. What is the longest lock-up in a single manager currently held in the fund?

The longest lock-up in a single manager currently held in the fund is 2 years. Investments have been made in 2002. The residual lock up time is 180 days for one fund and 90 days for the second. The allocation to those managers is 8% of NAV as per 1Q 2004 end.

G. Do you use feeder funds as a portfolio exposure vehicle? Please explain.

A.R.T. Fund doesn't use fund of funds or feeder funds in its allocation. However the Fund obviously uses some master-feeder fund structures which are used by some hedge funds themselves to structure their US domestic and offshore hedge funds.

H. How do you address capacity constraints of individual hedge funds?

Capacity constraints at the individual fund level and the size of assets under management are one of the major preoccupations of the investment team. Many failures in the past have been functions of assets under management becoming to large and uncontrollable (Tiger, Soros are just two examples). As a result, we are early investors and exit the fund once the level of assets under management implies a reduction in returns or risk of sharp losses. The level of assets under management is one of the operational risks we track on an ongoing basis (see Risk Management).

I. Explain quantitative analysis used in portfolio construction.

As stated under question IX.A.ii qualitative analysis dominates quantitative analysis in our investment and portfolio construction processes. Quantitative analysis is used in the portfolio construction process in order to test potential portfolio addition true peer group analysis, correlation analysis and track record back testing.

When we add a position to the portfolio we want to make sure that:

The additional hedge fund has a better risk adjusted return than its peer group and than current hedge funds pursuing the same strategy already included in the portfolio.

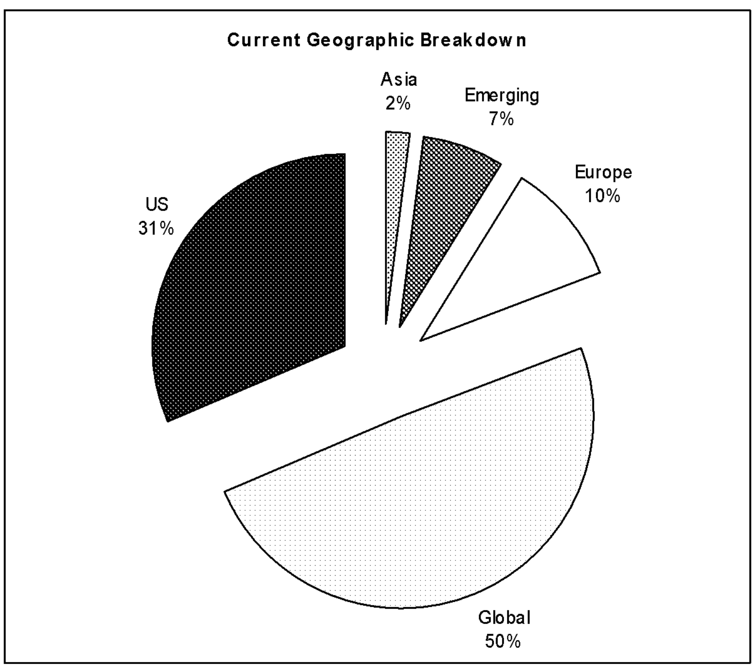
The correlation level to other hedge funds in the portfolio is low.

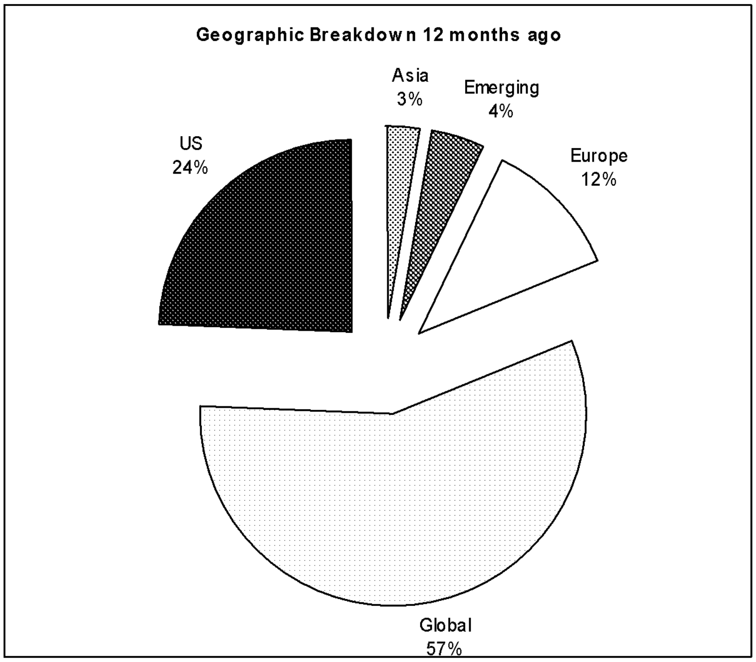
That the impact of the new addition on the portfolio back tested risk adjusted performance characteristics is consistent with our expectation.

To this end, preferred statistics are: sharpe ratio, sortino ratio, maximum drawdown, and correlation.

J. Geographic breakdown of current managers. Please give the geographical breakdown of managers one year ago.

The geographic breakdown of assets was as follows (% of assets invested in any given region). Please note that most funds have a global mandate (especially relative value and directional trading funds), which explains the high allocation to global markets and understates the allocation to any of the specific regions.





XI. Investment Advisor and Infrastructure

A. Outline back office functions and control environment.

Not Applicable to the Investment advisor. All the back office duties are taken up by the Fund Administrator.

B. Please explain the bookkeeping process to handle client investments.

The book keeping is overviewed by the Fund administrator. From one week to the cut-off date, the fund administrator informs the investment advisor of the subscriptions and the redemptions that have arisen.

C. Provide a flow chart detailing responsibilities, tasks and timing related to computing the fund's NAV.

The Fund NAV calculation procedure fells under the responsibilities and duties of the fund administrator. Extract from the A.R.T Fund Management Procedure:

Net Asset Value - Calculation procedures

Step one: Each day, an overnight batch produces the following items which are directly printed at the accountants' end:

- A list of all the NAVs to be calculated on the following day.
- A list in order of Fund with all the book entries automatically and chronologically accounted for in between two NAVs.
- A report, further to an automated control, of the reconciliation between the custody and the accounting cash balances.
- A report, further to an automated control, of the reconciliation between the cost prices of each security position held in custody and the cost prices of those accounted for in the accounting.

The above mentioned controls are primarily done in order to check the good functioning of the interface.

Step two: Once all transactions related to the activity of the Fund are inputted in our system, the accountants block the access of the Fund throughout the system as we do not run accounting software separate from our main banking system.

Step three: Once the security database of BPERE is priced by the Securities Department, the Accounting Department imports all the prices to each Fund's portfolio.

Step four: Small adjustments are then made and all provisions that cannot be parameterised are accounted for, e.g. performance fee and the adjustment of the management commission when necessary.

Step five: The accountants then run the NAV calculation program and verify the data according to a pre-formatted check-list.

Step six: The accountants check the accuracy of the NAV calculation through the stock index analyses method (as described below in the Control Department Procedures).

Step seven: Once the above-mentioned controls have been performed, a final check on the coherence of all documents produced is done.

Step eight: The Net Asset Value is ready to be sent to all designated parties for information and/or publication.

The procedure is fully describe in the appendix "Banque Privée Edmond de Rothschild Europe A.R.T Absolute Return Target Fund Mangement Procedure".

D. Length of time with current administrator? If less than one year, please explain circumstances.

Since the SICAV A.R.T – Absolute Return Target Fund Inception

E. Please include the NAV calculation policy and procedures published by administrator.

See Appendix "Banque Privée Edmond de Rothschild Europe A.R.T Absolute Return Target Fund Mangement Procedure".

F. Has your administrator ever disseminated / published an incorrect NAV? If so, please explain.

No.

XII. Client Service and Reporting

A. Weekly: Is the firm able to provide performance estimates via email?

No. For internal need, a calculation is made weekly. The value of the estimate is very rough since some funds only report monthly performances.

B. Monthly: Is the firm able to provide final NAV confirmation and final NAV notification from Administrator via email, fact sheets and market commentary for the fund, portfolio manager participation in a conference call to review attribution, additions and deletions, and firms strategic view of the market?

Yes

C. Quarterly: Is the firm able to provide full transparency of the underlying investments and respond to a questionnaire regarding material changes at the fund and organisation level?

Yes

D. Is the firm able to provide audited financial statements annually and ADV forms as necessary?

Yes

Please provide the following attachments:

I. Performance statistics as per attached *(excel file, "Performance" tab)*

II. Monthly NAVs since inception as per attached *(excel file, "NAVs" tab)*

III. Portfolio transparency as per attached *(excel file, "Transparency" tab)*

IV. Contact details as per attached *(excel file, "Contacts" tab)*

V. **Sample** due diligence performed on a single manager, declined

VI. **Sample** due diligence performed on a single manager, accepted

VII. **Sample** report of ongoing monitoring performed on managers

VIII. Three most recent performance letters

IX. Current offering memorandum

X. Last audited report of the fund

XI. Last Annual Report of the Investment Manager

XII. Most recent ADV filing if applicable