

ERIM LLP

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This Brochure provides information about the qualifications and business practices of ERIM LLP.

If you have any questions about the contents of this Brochure, please contact us at +44 (0)20 7871 1040 or email ian.trundle@eikohresearch.com. You may also visit our website at www.eikohresearch.com.

The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any state securities authority.

Additional information about ERIM LLP is also available on the SEC's website at www.adviserinfo.sec.gov and on the Financial Services Authority's website at www.fsa.gov.uk.

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Item 2: Material changes

This document is the initial Brochure prepared by ERIM LLP (“ERIM;” or the “FIRM”). The Brochure will be updated on an annual basis and any material changes to it will be identified in this section.

Item 4: Advisory Business

ERIM is an independent asset management company founded by James Pulsford and Sara Gardiner-Hill in 2011. Mr Pulsford and Mrs Gardiner-Hill are the Firm's principal owners. ERIM is authorised and regulated by the Financial Services Authority (the "FSA") in the United Kingdom.

The Firm's clients comprise unregulated collective investment schemes (the "Funds") and managed private accounts (the "Accounts"). ERIM manages assets for these clients in a variety of strategies which utilise a central in-house fundamental research model. The Funds and Accounts all focus on Japanese equities and are governed by the specific investment objectives of the relevant Fund or Account.

The Funds and Accounts managed by ERIM are unregulated and are governed by their individual investment guidelines as confirmed in the relevant offering document or underlying management agreement. These guidelines provide a wide scope of discretion for ERIM and allows the Firm to manage the Funds and Accounts without the same strict diversification requirements as would be applicable to regulated funds. One of the Firm's Accounts is expected to be subject to the terms of the Employee Retirement Income Security Act ("ERISA") however, the Firm is exempt from applying the terms of ERISA, in whole or in part, relying on its proposed status as a Qualified Professional Asset Manager ("QPAM").

ERIM will manage the following Cayman Islands domiciled Funds which are organised as a master feeder structure:

Unregulated EJFs	Short name	Type of EJF
Equilibria Japan Fund	"EJF"	Private Fund (Cayman Islands)
Equilibria Japan Master Portfolio Limited	"EJMP"	Private Fund (Cayman Islands)
Equilibria Japan Master Portfolio II Limited	"EJMP II"	Private Fund (Cayman Islands)

EJF is a feeder fund which invests only into EJMP and EJMP II, the associated master funds.

EJF contains a number of different share classes, which differ as to investment objective and matters such as reporting currency, minimum investment, redemption terms, treatment of income and fees. Only Class J and Class JJ Shares are offered to US taxable investors. Class J Shares invest into EJMP and Class JJ Shares invest into EJMP II.

The information contained in this Brochure summarises the details contained within the prospectuses prepared for EJF, the feeder fund. The Brochure is not required to provide all the information which a prospective investor will require prior to making an investment.

In addition to the Funds noted above, ERIM will manage a number of Accounts. The Accounts will follow a number of strategies, some of which will follow a broadly similar strategy to EJF. Some of the Accounts will follow a "long only" investment strategy..

Upon its targeted launch of 1st March 2012, the Firm anticipates managing US\$ 1,670,000,000 all of which is managed on a discretionary basis.

Item 5: Fees and Compensation

Management Fees

The Firm charges each client a management fee based on the Net Asset Value (“NAV”) which is deducted from the Funds’ portfolios on a quarterly basis. For the Accounts, fees charged are based on a percentage of the monthly average NAV of the account over the quarter (adjusted for cash flows).

For the Funds, the management fee is equal to 0.125% per month (approximately 0.375% per quarter or 1.5% per annum) of (1) the month-end Yen NAV of each Series of Shares including the (Class J Shares); and (2) the month-end 2 x NAV of each Series of Shares including the (Class JJ Shares); in either case plus any value added tax thereon. The management fee is accrued each month, calculated before any accrual for or payment of any management fees and incentive fees, and is payable in arrears as of the last business day of each quarter. Management fees are *pro rated* for partial periods.

With respect to each Series of Shares including the (Class JJ Shares), the month-end 2 x NAV is equal to the month-end Yen NAV of a given Series multiplied by two.

The management fees applicable to the Accounts vary, for those that follow the EJP strategy, the fees are commensurate with fees set out earlier in this section. The long only strategies adopt a management fee rate based on assets under management and are typically below 0.50% per annum. The long only strategies may attract performance fees based on performance relative to stated benchmark.

Other fees

Other fees that may be charged to EJP clients are set out below:

Administrator fees

Fees are charged on a sliding scale depending on the amount of assets managed. The administrator will also be reimbursed any reasonable out-of-pocket expenses or costs necessarily incurred in the performance of its duties.

Prime broker and custody fees

Prime brokerage (including custody fees) will not exceed normal commercial rates. They may also levy transaction charges and other charges which can include value added tax.

Placement fees

Placement Agents may receive, in respect of investors introduced to EJP, a Placement Fee of up to 2.5% of the amount invested in EJFs. The placement fee will be paid upon subscription and will be in addition to, not a deduction from, the subscription amount. Any such placement fee may be waived or reduced in respect of any particular investor without thereby entitling any other investor to a similar waiver or reduction. Placement Agents may also receive from ERIM a portion of its fees on an ongoing basis.

Other fees and expenses

Other fees and expenses charged may include the following: (a) charges and expenses of legal advisers, accountants and independent auditors, (b) brokers’ commissions, broker funding costs (c) all taxes or stamp duties and corporate fees payable to governments or agencies, (d) Directors’ fees (if any) and expenses, (e) interest on borrowings if applicable, including borrowings from the Prime Broker, (f) communication expenses with respect to

investor services and all expenses of meetings of Shareholders and of preparing, printing and distributing financial and other reports, proxy forms, prospectuses and similar documents, (g) the cost of insurance for the benefit of the Directors, (h) litigation and indemnification expenses and extraordinary expenses not incurred in the ordinary course of business, (i) the cost of obtaining and maintaining the listing of shares on a stock exchange (if applicable) and (j) some other organisational and operating expenses.

Please see the section on “Brokerage practices” for a description of other brokerage charges.

In the case of our separate Account clients only additional custody fees are applicable which are paid directly to the Prime Broker (as custodian) under the contract signed directly between the client and the Prime Broker.

Item 6: Performance-Based Fees

The Firm is also entitled to receive performance fees from the following EJP:

Unregulated Funds	
EJP (Class J Shares and Class JJ Shares)	With respect to each Series of Shares 20% (high watermark and hurdle applies)

Where performance fees are due, these are calculated in respect of discrete periods based on the increase in the NAV per share of each class within EJP. No performance fee becomes due unless the NAV exceeds the previous high point reached (termed a high watermark).

No other hourly, flat or asset-based fees are charged to EJP or the Accounts.

The Accounts that follow the same strategy as EJP will be subject to a performance fee that is commensurate with the EJP Fund.

The Accounts that follow a long only strategy may attract performance fees based on performance relative to an agreed benchmark

Item 7: Types of Clients

Funds

The Funds managed by ERIM are described above under “Advisory Business”.

Each of the Funds where ERIM acts as investment adviser specifies minimum subscription limits and the subscription and redemption terms applicable. These may vary according to the currency of each individual share class. Minimum subscription limits and redemption terms of EJJ are as follows:

Equilibria Japan Fund Limited (Class J and Class JJ Shares – US investors only)

US Dollar US\$ 250,000

Subject to the discretion of EJJ’s directors, smaller subscriptions may be accepted though in any event they will be no lower than US\$ 50,000.

Investors may subscribe to EJJ on the first business day of each month. Subsequent redemptions may be made on the first business day of each month provided 30 day’s prior written notice has been given to EJJ’s administrator.

Any Accounts are negotiated on a case by case basis but in the case of the EJJ strategy, the terms would be expected to be similar to a direct investment in EJJ.

Item 8: Methods of Analysis, Investment Strategies and Risk of Loss

The investment approach adopted in respect of EJF and the Accounts managed are as follows:

Equilibria Japan Fund

EJF acts as a feeder fund investing all or substantially all of its assets into EJMP and EJMP II. EJF's aim is to achieve an attractive absolute return while remaining neutral with respect to the overall direction of the Japanese equity markets through investments (long and short) in Japanese equity and equity-related securities, including securities issued by companies with substantial economic exposure to Japan as well as securities listed on stock exchanges in Japan.

EJMP will generally hold long positions and short positions which in the aggregate do not exceed 205% of the capital in the Master EJF. However, the ERIM may use greater leverage at times in its discretion.

EJMP II implements substantially the same strategy as EJMP, except that the gross market exposure (i.e., long positions plus short positions) of EJMP II will generally be twice the gross market exposure EJMP.

Risk of Loss Factors

Investing in securities involves risk of loss that clients should be prepared to bear. Investors should consider the following factors before investing in any of Funds referred to in this Brochure. The following list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment in each of the Funds. Prospective investors are urged to consult their professional advisers and the Funds prospectuses before deciding to invest in the Funds.

Recent Fund Performance

The ongoing financial market crisis, as described below, has led to significant losses for many hedge the Funds and the financial markets in general. The markets in which the Fund operates have been severely disrupted over the past year or more, so results observed in earlier periods may have little relevance to the results observable in the current environment. Nevertheless, ERIM believes the Fund's investment approach provides attractive performance potential for the Fund going forward.

Market Disruptions; Governmental Intervention; Short Selling Ban

The global financial markets are currently undergoing pervasive and fundamental disruptions which have led to extensive and unprecedented governmental intervention. Such intervention has in certain cases been implemented on an "emergency" basis, suddenly and substantially eliminating market participants' ability to continue to implement certain strategies or manage the risk of their outstanding positions. In addition — as one would expect given the complexities of the financial markets and the limited time frame within which governments have felt compelled to take action — these interventions have typically been unclear in scope and application, resulting in confusion and uncertainty which in itself has been materially detrimental to the efficient functioning of the markets as well as previously successful investment strategies.

The U.S. "bailout" of financial institutions is the largest governmental intervention in the history of the U.S. financial markets. Moreover, the form of the "bailout" continues to shift as the impact of the current financial crisis is further analyzed. For example, the Troubled Asset Relief Program was initially designed to purchase illiquid mortgage-backed securities.

Funds were then used to inject capital directly into certain consumer-oriented financial companies. As a further response to this crisis, it seems highly likely that the U.S. Congress will require that new market restrictions be applied to the U.S. financial markets, and legislation has already been proposed to further regulate hedge funds. Such restrictions may have a material adverse impact on both the future competitiveness of these markets as well as the profit potential of funds. Regulators in other jurisdictions also appear likely to take similar action.

The interim global prohibition on short-selling financial sector stocks imposed during the current financial crisis resulted in certain strategies becoming non-viable literally overnight. The SEC imposed a ban on short-selling on September 18, 2008. Short-selling is an integral component of many relative value alternative investment strategies which have little or no effect on the absolute price level of the underlying equities and should, accordingly, not be subject to the short-selling ban. However, such strategies were generally not exempted from the ban, causing dramatic losses for certain groups of investors.

A number of countries imposed bans on the short-selling, typically on an “emergency” basis, making it impossible for numerous market participants either to continue to implement their strategies or to manage the risk of their open positions. Any ongoing regulatory limitations on short-selling which may result from the current market disruptions could materially adversely affect ERIM’s ability to implement its strategies for the benefit of the Funds.

The Funds may incur major losses in the event of disrupted markets and other extraordinary events in which historical pricing relationships (on which ERIM bases a number of its trading positions) become materially distorted. The risk of loss from pricing distortions is compounded by the fact that in disrupted markets many positions become illiquid, making it difficult or impossible to close out positions against which the markets are moving. The financing available to the Funds from its dealers and other counterparties is typically reduced in disrupted markets. Such a reduction may result in substantial losses to the Funds. Market disruptions may from time to time cause dramatic losses for the Funds, and such events can result in otherwise historically low-risk strategies performing with unprecedented volatility and risk.

It is impossible to predict what additional interim or permanent governmental restrictions may be imposed on the markets and/or the effect of such restrictions on the Funds’ strategies. However, ERIM believes that there is a high likelihood of significantly increased regulation of the financial markets, and that such increased regulation could be materially detrimental to the Funds.

Counterparty and Custody Risk. When the Funds invest in options, swaps, derivative or synthetic instruments, forward contracts, or other over-the-counter transactions, the Funds take a credit risk with regard to parties with whom it trades and also bears the risk of settlement default. These risks may differ materially from those entailed in exchange-traded transactions, which generally are backed by clearing organization guarantees, daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered directly between two counterparties may not benefit from such protections and expose the parties to the risk of counterparty default.

In addition, there are risks involved in dealing with the custodians or brokers who settle EJP’s trades. Securities and other assets deposited with custodians or brokers may not be clearly or constantly identified as being assets of the Funds’, and hence the Funds may be exposed to a credit risk with regard to such parties. In some jurisdictions, the Funds may only be an unsecured creditor of its broker in the event of bankruptcy or administration of such broker. Further, there may be practical or time problems associated with enforcing the Funds’ rights to its assets in the case of an insolvency of any such party.

Recent apparently significant losses incurred by many hedge funds, including those advised by ERIM, in relation to the bankruptcy and/or administration of Lehman Brothers Holdings Inc. and its affiliates (“Lehman Brothers”) illustrate the risks incurred in both derivatives trading and custody/brokerage arrangements. Many Lehman Brothers customers have had their accounts frozen, and the inability to access these funds or positions has led to losses as well as extraordinary actions by such hedge funds, such as suspending redemptions on net asset value or declaring sidepockets for such assets.

Financing Arrangements; Availability of Credit

In recent months banks and dealers have substantially curtailed financing activities and increased collateral requirements, forcing many hedge funds to liquidate positions. There can be no assurance that the Funds will be able to obtain adequate financing to pursue its investment program and achieve its objectives.

Long/Short Strategies Generally

Since the Funds’ investment approach involves identifying securities that are generally undervalued (or, in the case of short positions, overvalued) by the marketplace, success of the strategy necessarily depends upon the market eventually recognizing such value in the price of the security, which may not necessarily occur, or may occur over extended time frames which limit profitability. The use of certain “long/short” strategies in no respect should be taken to imply that the Funds’ investments in such strategies are without risk. Substantial losses may be recognized on “hedge” or “arbitrage” positions, and illiquidity and default on one side of a position can effectively result in the position being transformed into an outright speculation, which is especially a concern if short sales are prohibited or increased regulation makes them uneconomical. Every long/short strategy involves exposure to some second-order risk of the market.

Leverage

The Funds may employ the use of leverage and EJMP II will seek to utilize leverage at a level approximately twice that of EJMP. An investment in EJF, especially EJMP II’s leveraged share classes (Class JJ Shares), should be regarded as a highly-leveraged investment and all Leveraged Shares will likely experience both a greater potential for gain as well as for loss as compared to the regular shares (Class J Shares). The Funds will utilize leverage by purchasing securities on margin, by selling securities short, through bank borrowings, through leverage embedded in derivative instruments held by the Funds, and through other means. The more leverage is employed, the more likely a substantial change will occur in the value of the Shares. In addition, trading on margin will result in interest charges to the Funds. Furthermore, tightening of credit by lenders may have a material adverse impact on the Funds and their operations.

Broad Discretion of ERIM; Potential Lack of Diversification

There are no restrictions on the investment discretion of the ERIM other than as set forth above. Accordingly, EJF is not restricted from investing a large portion of the assets of funds in any one sector or investment.

Equities

Equities in which EJF invests may involve substantial risks and may be subject to wide and sudden fluctuations in market value, with a resulting fluctuation in the amount of profits and losses.

Short Sales

EJF enters into transactions, known as “short sales,” in which it sells a security it does not own in anticipation of a decline in the market value of the security. Losses from short sales are potentially unlimited. In particular, a tender offer or similar transaction in respect of a company whose securities the Funds have sold short could cause the value of such securities

to rise dramatically, resulting in substantial losses to the Funds. Brokers may also require the Funds to “cover” a short position at an inopportune time. Furthermore, numerous U.S. and non-U.S. regulatory authorities have recently instituted new limitations on short sales, including temporary bans and ongoing reporting requirements. It is unclear the long-term impact of such reporting requirements on strategies that make material use of short sales, but if bans on short sales are reinstated such bans may make it impracticable or uneconomical to implement the Funds’ investment strategy.

Securities Options

The Funds may engage in options trading, which is speculative and involves a high degree of risk. If the Funds purchase a put or a call option, it will lose the entire premium paid, and may never exercise the option. If the Funds sell a put option, it may lose an amount up to the strike price of the option. If the Funds sell a call option, its loss is potentially unlimited. As short sales are often used by options market makers to hedge risks with respect to using and/or selling options, bans on short sales may have an unpredictable effect on the options markets making it difficult or uneconomical to buy or sell options.

Non-U.S. Securities and Currencies

The Funds intend to invest all or substantially all of its assets in securities of non-U.S. issuers and securities denominated in non-U.S. currencies and related derivative and currency contracts, or other contracts, such as futures contracts. Investing in non-U.S. securities and/or currencies may present a greater degree of risk than investing in U.S. securities due to possible exchange rate fluctuations, possible exchange controls, less publicly-available information, more volatile markets, less regulation, less favorable tax provisions (including possible withholding taxes), war, or expropriation. In particular, the U.S. Dollar value of portfolio securities of non-U.S. issuers fluctuates with changes in market and economic conditions outside the United States and with changes in relative currency values. In addition, the Funds are exposed to the risk of counterparty default on currency forward contracts.

Regional Versus Broad International Investing

Because the Funds concentrate its holdings in a single country, Japan, it may have a higher share-price volatility than a broadly diversified international stock the Funds (which, by investing in many different non-U.S. markets, may offset losses from one region with gains from another at any given time).

Geographic Concentration in Japan

ERIM intends to invest all or substantially all of the Funds’ assets in Japanese equity securities and related financial instruments. The markets for certain Japanese equity securities are relatively small and illiquid in comparison with the security markets of the United States. Concentrating investments in Japanese securities may be more volatile than a geographically-diversified funds.

Dependence on External Trade

As it is expected that Japan’s working population will decline by a small amount each year, domestic demand driven economic growth will probably be modest, especially in light of the government’s budget deficit. The modest pace of domestic growth may make Japan heavily dependent upon external demand. In such case, the Japanese markets may be more heavily impacted by cyclical movements in the global economy than many other markets.

Japanese Financial Disclosure Standards

Japanese companies are subject to accounting, auditing, and financial reporting requirements that differ, in some cases materially, from those applicable to U.S. companies. In particular, the assets and profits appearing on the financial statements of a Japanese company may not reflect its financial position or results of operations in the way they would be reflected had

its financial statements been prepared in accordance with U.S. generally accepted accounting principles (“GAAP”). There is generally substantially less publicly available information about Japanese companies than there are reports and ratings published about U.S. companies, and Japanese companies are often less willing to provide investors the types of financial and other disclosures customary for U.S. issuers. Accordingly, there can be no assurance that information discovered subsequent to an investment will not negatively affect the value of such investment.

Japanese Regulatory Constraints

In general, the acquisition of shares of a Japanese company listed on any stock exchange in Japan or registered on the Japanese OTC market from a resident of Japan (including a corporation) by a non-resident of Japan (including a corporation) requires prior notification to the Japanese Ministry of Finance (the “MOF”) of the proposed transaction. If a foreign investor intends to acquire shares of a Japanese corporation and as a result of such acquisition the foreign investor would directly or indirectly hold 10% or more of the total outstanding shares of that corporation, such foreign investor must give prior notification to the MOF and any other ministry with proper jurisdiction.

Cross-Shareholding Among Japanese Companies

The extensive cross-shareholding among companies in Japan has significant effects on the securities markets. Typically, ten to twenty (or even more) companies will each have small holdings (about 1% to 5%) in each other. Each of these holdings alone is too small to be significant in the governance of the issuance corporation, but taken together, the group corporations’ holdings often provide a significant amount of control. At the time each of the holdings is acquired, it is understood that they will not be sold but maintained and voted in support of management. The ties produce a bonding effect as well as a security against takeovers. There is, however, a recent trend emerging for some companies to begin to liquidate some cross-shareholdings.

Cross-shareholding often results in the exclusion of large quantities of listed stock from trading, which means the float that is actually traded is very thin and thus there is potentially higher volatility. Another effect of massive cross-shareholding is that it deprives ordinary individual investors of meaningful opportunity to influence corporate governance because the outcome of board elections, accounting approvals, and other shareholder actions to monitor management are often largely predetermined by the cross-shareholding covenants.

Moreover, the laws in Japan regulating ownership, control, and corporate governance of companies are still evolving. Although procedural and other changes have been made that are intended to facilitate the increased exercise of legal rights by minority investors, there can be no assurance that these changes will be sufficient to afford minority investors effective means for preventing or seeking compensation for transactions or conduct that is injurious to the interests of Shareholders.

Illiquid Securities

Certain securities purchased by the Funds may lack a liquid trading market or may become illiquid, which may result in the inability of the Funds to sell any such security or other investment or to close out a transaction involving a non-Japanese currency or the sale or purchase of an option, thereby forcing the Funds to incur potentially unlimited losses. The markets in which the Funds may trade have experienced significant illiquidity during the ongoing credit crisis.

Futures Trading Is Highly Leveraged

The Funds engages in futures trading. The low initial margin deposits normally required in futures contract trading (typically between 2% and 15% of the value of the contract purchased or sold) permit an extremely high degree of leverage. Accordingly, a relatively

small price movement may result in immediate and substantial losses to the Funds. Like other leveraged investments, any trade may result in losses in excess of the amount invested. Although the use of leverage can substantially improve the return on invested capital, its use also will increase any adverse impact to which the investment portfolio of the Funds may be subject.

Futures Trading May Be Illiquid

Most United States commodity exchanges limit fluctuations in certain futures contracts prices during a single day by imposing what are known as “daily price fluctuation limits” or “daily limits.” The existence of “daily limits” may reduce liquidity or effectively curtail trading in particular markets. Once the price of a particular contract has increased or decreased by the daily limit, positions in the contract can effectively neither be taken nor liquidated. Contract prices in various commodities have occasionally moved the daily limit for several consecutive days with little or no trading. Similar occurrences could prevent the Funds from promptly liquidating unfavorable positions and subject the Funds to substantial losses which could exceed the margin initially committed to such trades. Daily limits may reduce liquidity, but they do not limit ultimate losses, as such limits apply only on a day-to-day basis. In addition, even if contract prices have not moved the daily limit, the Funds may not be able to execute trades at favorable prices if there is only light trading in the contracts involved.

As part of its emergency powers, an exchange or the CFTC can suspend or limit trading in a particular contract, order immediate liquidation and settlement of a particular contract, or order that trading in a particular contract be conducted for liquidation only. The possibility also exists that governments may intervene to stabilize or fix exchange rates, restricting or substantially eliminating trading in the affected currencies.

Trading on Non-United States Exchanges

The Funds may trade futures contracts on exchanges located outside the United States, where the protections provided by CFTC regulations do not apply. Some non-U.S. commodity exchanges, in contrast to U.S. exchanges, are “principals’ markets” in which performance with respect to a futures contract is the responsibility only of the individual member with whom the trader has entered into the contract and not of the exchange or its clearinghouse, if any. In the case of trading by ERIM on non-U.S. exchanges, the Funds will be subject to the risk of the inability of or refusal by its counterparties to perform with respect to their contracts with the Funds. The Funds also may not have the same access to certain trades as do various other participants in non-U.S. markets.

Because the Funds determines its NAV in Japanese Yen, with respect to trading on non-U.S. markets it will be subject to the risk of fluctuation in the exchange rate between the local currency and Japanese Yen and to the possibility of exchange controls.

Options on Futures and Commodities

A large number of options on futures contracts and physical commodities have been approved for trading on and off exchanges. Each such option is a right, purchased for a certain price, to either buy or sell the underlying futures contract or physical commodity during a certain period of time for a fixed price. Such trading involves risks substantially similar to those involved in trading futures and forward contracts in that options are speculative and highly leveraged. Specific market movements of the instruments underlying an option cannot accurately be predicted. The purchaser of an option is subject to the risk of losing the entire purchase price of the option. The writer of an option is subject to the risk of loss resulting from the difference between the premium received for the option, the strike price of the option and the price of the instrument underlying the option which the writer must purchase or deliver upon exercise of the option.

Forward Trading

The Funds may enter into forward contracts for the trading of certain futures contracts. A forward contract is a contractual obligation to buy or sell a specified quantity of a commodity at or before a specified date in the future at a specified price and, therefore, is similar to a futures contract. Banks and dealers act as principals in such markets. None of the SEC, the CFTC, or banking authorities regulate trading in forward contracts on currencies, and non-U.S. banks are not regulated by any United States governmental agency. The principals who deal in the forward contract market are not required to continue to make markets in such contracts. There have been periods during which certain participants in forward markets have refused to quote prices for forward contracts or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. The imposition of credit controls by governmental authorities may limit such forward trading to less than that which ERIM would otherwise recommend, to the possible detriment of the Funds. In its forward trading, the Funds are subject to the risk of the failure of, or the inability or refusal to perform with respect to its forward contracts by, the principals with which the Funds trade. The Funds' assets on deposit with such principals will also generally not be protected by the same segregation requirements imposed on CFTC-regulated commodity brokers in respect of customer funds on deposit with them. However, the Funds intend to engage in forward trading only with large, well-capitalized banks and dealers. In addition, ERIM may order trades for the Funds in such markets through agents. Accordingly, the insolvency or bankruptcy of such parties could also subject the Funds to the risk of loss.

Reliance on Corporate Management and Financial Reporting

Many of the strategies implemented by the Funds rely on the financial information made available by the issuers in which the Funds invest. ERIM may have no ability to independently verify the financial information disseminated by the issuers in which the Funds invest and is dependent upon the integrity of both the management of these issuers and the financial reporting process in general. Recent events have demonstrated the material losses that investors such as the Funds can incur as a result of corporate mismanagement, fraud, and accounting irregularities.

OTC Derivatives

The Funds may enter into swap and other over-the-counter derivative transactions involving or relating to, among other things, interest rates, currencies, or securities. A swap transaction or contract for differences is an individually negotiated, non-standardized agreement between two parties to exchange cash flows (and sometimes principal amounts) measured by different rates or prices with payments generally calculated by reference to a principal ("notional") amount or quantity. Swap contracts, contracts for differences, and other over-the-counter derivatives are not traded on exchanges; rather, banks and dealers act as principals in these markets. As a result, the Funds are subject to the risk of the inability or refusal to perform with respect to such contracts on the part of any counterparties with which the Funds trade. Over-the-counter derivatives may also expose the Funds to additional liquidity risks. The over-the-counter derivatives market is generally not regulated by any United States or non-U.S. governmental authority. Participants in these markets are not required to make continuous markets in the contracts they trade. The Funds' investments in over-the-counter derivatives are subject to greater risk of counterparty default and less liquidity than exchange-traded derivatives, although exchange-traded derivatives are subject to risk of failure of the exchange on which they are traded and the clearinghouse through which they are guaranteed. There has been substantial disruption in the derivatives markets related to the recent bankruptcy of Lehman Brothers and uncertainty relating to the government bailout of certain market participants as well as uncertainty relating to various government interventions. Such disruption and uncertainty

can cause substantial losses if transactions are prematurely terminated, especially due to default when payment may be delayed or completely lost.

Suspensions of Trading

For all securities and futures traded on public exchanges, each exchange typically has the right to suspend or limit trading in all securities or futures that it lists. Such a suspension could render it temporarily impossible for the Funds to liquidate its positions and thereby expose it to losses. In addition, there is no guarantee that non-exchange markets will remain liquid enough for the Funds to close out positions.

Hedging Transactions

The Funds may utilize a variety of financial instruments, such as derivatives, options, interest rate swaps, caps and floors, futures, and forward contracts, both for investment purposes and for hedging purposes. Hedging involves special risks including the possible default by the other party to the transaction, illiquidity, and, to the extent ERIM's assessment of certain market movements is incorrect, the risk that the use of hedging could result in losses greater than if hedging had not been used. Nonetheless, with respect to certain investment positions, The Funds may not be sufficiently hedged against market fluctuations, in which case an investment position could result in a loss greater than if the Funds had been sufficiently hedged with respect to such position. Moreover, it should be noted that EJP's portfolio will always be exposed to certain risks that cannot be hedged, such as credit risk (relating both to particular securities and counterparties).

Exchange Rate Risk

Shares may be issued in Classes denominated in currencies other than Yen, while the Class' investments generally will be denominated in Yen. ERIM may (but is not obligated to) enter into currency hedging transactions to attempt to offset the risk of exchange rate fluctuations between the Yen and such other currencies. However, because adjustments to such hedges are not made more frequently than monthly, and because estimates are used in hedging, even if ERIM engaged in currency hedging on behalf of a non-Yen denominated Class, the Class will always be over- or under-hedged to some degree against its actual currency exchange risk. Any hedging transactions are intended to protect the relevant Class from currency losses but will also prevent any profit from currency gains. Further, there can be no assurance that any hedging transactions will be successful, and there are transaction costs associated with such hedging, which are borne by such Classes.

Prospective investors in any non-Yen denominated Class must recognize that foreign currency hedging is effected through the use of derivatives, and the Class will be expected to settle trading losses on those derivatives. To the extent those losses deplete the liquid assets available to a Class, or those liquid assets cannot be liquidated quickly enough to satisfy hedging losses, a currency hedging counterparty, or ERIM itself, may determine that the hedging transaction must be liquidated in order to protect the Class and, potentially, other Classes from defaulting on their foreign currency hedging contracts or causing termination events under those contracts or other counterparty relationships. Therefore, no prospective investor should invest in a non-Yen denominated Class in reliance on its foreign currency risk being hedged at all times, and, instead, prospective investors in such Classes should assume that foreign currency hedges may be lifted without prior notice in the event of a rapid decline in their currency relative to the Yen or some other significant market stress event.

Loans of Portfolio Securities

The Funds may lend its portfolio securities. By doing so, the Funds attempt to increase income through the receipt of interest on the loan. In the event of the bankruptcy of the other party to a securities loan, the Funds could experience delays in recovering the loaned

securities. To the extent that the value of the securities the Funds lent has increased, the Funds could experience a loss if such securities are not recovered.

Possible Lack of Diversification

There are no absolute diversification or concentration constraints on the Funds. If the Funds' portfolio becomes relatively concentrated, the value of an investment in the Funds may be subject to greater volatility and may be more susceptible to any single economic, political, or regulatory occurrence or the fortunes of a single company or industry than would be the case if the Funds' investments were more diversified.

Turnover

The Funds are not restricted in effecting transactions by any limitation with regard to its portfolio turnover rate. In light of the Funds' investment objectives and policies, it is likely that the Funds' portfolio turnover rate will continue to be substantial, resulting in significant brokerage commissions and fees.

Other Trading Strategies

The Funds may employ strategies for which no specific "risk factors" are provided. Nevertheless, such strategies should be considered to be speculative, volatile, and, in general, no less risky than other strategies more fully described herein.

Item 9: Disciplinary Information

The Firm has not been subject to any disciplinary action, whether criminal, civil or administrative (including regulatory) in any jurisdiction. Likewise, no persons involved in the management of the Firm have been subject to such action.

Item 10: Other Financial Industry Activities and Affiliations

ERIM is authorised and regulated by the FSA in the UK as a BIPRU €50k limited licence firm. Its Firm Reference Number is 564897. The authorisation that it holds means that the Firm is permitted to provide discretionary management and advisory services to professional clients. The Firm is not permitted to deal with Retail Clients.

The rules of the FSA also require all persons performing a management function to be registered with it individually as “Approved Persons”. In the case of ERIM, the following management persons are individually registered with the FSA:

Name	FSA roles
Sara Katherine Gardiner-Hill	CF4 (Partner). CF30 (Customer function)
Karl William Hammond	CF4 (Partner). CF30 (Customer function)
Samuel Lau	CF30 (Customer function)
James Anthony John Pulsford	CF3 (Chief Executive), CF4 (Partner). CF30 (Customer function)
Kelly-Ann Vanessa Rajpaulsingh	CF30 (Customer function)
Ian Westbrook Trundle	CF4 (Partner). CF10 (Compliance Oversight), CF11 (MLRO), CF30 (Customer function)

The Firm maintains a record of any potential conflicts of interest, including external appointments held by all staff, including the management persons listed above. This list is updated when necessary and completeness is confirmed on an annual basis. None of the relationships notified to the Firm by the individuals concerned create a material conflict of interest between the Firm and its clients or between clients.

The Firm has established a Conflict Clearance Committee (“CCC”) which will operate under delegated authority from the Firm’s Managing Board. The CCC will consider all actual or potential conflicts.

Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

The Firm has in place a Code of Ethics which sets out the procedures in place governing personal trading. The Code of Ethics is available to clients or prospective clients upon request and includes the following provisions:

- All personal brokerage accounts used by staff and their spouses and dependent children ("related persons") must be notified to the Firm.
- Prior approval may be required before a trade can be executed.
- Copies of contract notes are received by the Firm.
- Initial and annual holdings reports are submitted to the Firm by all staff. These are checked back to the original approvals and contract notes where appropriate.

The Firm may promote EJF, EJMP and EJMP II to potential investors in which related persons may also have an investment. This is disclosed to potential investors at the time of investment. No other securities are bought or sold for client accounts in which the Firm's related persons have a material financial interest. Such activity is considered to be an alignment of interest between the related persons and the clients and indirectly the underlying investors in the Funds and Accounts.

Personal trading rules do not permit related persons to purchase securities for their own accounts at times when the Funds or Accounts managed are actively trading in such securities.

Item 12: Brokerage Practices

General arrangements

The rules to which ERIM is subject in the UK forbids it from paying commission except where there would be a benefit to the client from doing so. Where any commissions are to be paid for research services receivable, such services would only be permitted if they:

- Are capable of adding value to the clients' portfolios by providing new insights;
- Represent original thought;
- Have intellectual rigour; and
- Involve analysis or manipulation of data to reach meaningful conclusions.

The FSA forbids the payment of commission to brokers for research services which it does not see as meeting the requirements.

ERIM's investment approach is to use fundamental analysis when deciding upon securities to be traded for the Funds and Accounts it manages. Such techniques involve the use of published research and other publically available information.

ERIM maintains a list of brokers with whom it may deal for the funds managed. This list is reviewed at least on a quarterly basis and brokers are added or deleted according to ERIM's view of the quality and cost of the service provided. Brokers are used by the Firm at its own discretion.

Funds and accounts

All fundamental analysis is performed by the Firm and as such no payments are made to brokers for research or other benefits to be paid for out of commissions or costs associated with each transaction. The approach described in this section applies to each of the Funds and Accounts managed.

All brokerage costs paid by the Firm are paid in respect of execution services received only. Brokers with whom the Firm trades are therefore selected on the basis of the following execution factors, with particular emphasis being given to the price:

- Price;
- Costs;
- Speed;
- Likelihood of execution and settlement;
- Size;
- Nature; and
- Other considerations relevant to the execution of an order.

ERIM is not incentivised to select a more expensive broker over another when executing trades.

Trades are pre-allocated on a client by client basis. Where possible trades will be bulked for execution and average pricing / client order trade randomisation ensures that pricing across clients is as equitable as possible.

Item 13: Review of Accounts

Each Fund or Account that ERIM manages is subject to periodic review in order to ensure that it remains within the investment guidelines agreed with the client. The frequency of the review is determined by client requirements and can be summarised as follows:

Unregulated EJs	Frequency	Reviewed by (state job title only)
Equilibria Japan EJP	Monthly	Investment Committee
Equilibria Japan Master Portfolio Limited	Monthly	Investment Committee
Equilibria Japan Master Portfolio II Limited	Monthly	Investment Committee

The Funds and Accounts are reviewed monthly by the Investment Committee. In addition, all the Funds and Accounts are reviewed on a daily basis checking for *inter alia* investment guideline breaches.

In addition all the Funds and Accounts are reviewed on an informal basis on a daily basis. Further reviews may also be triggered by a notification of a change in a client's circumstances, such as an injection or redemption of capital in the Funds and/or Accounts managed.

The Firm reports to the boards of the Fund's on a quarterly basis. These reports comprise of analysis of risk and return drivers during the period in question, major asset allocation changes, benchmark or peer analysis as well as a review of any trading or operational factors.

For the Accounts, reporting is provided in accordance with the provisions of the underlying investment management agreements.

Item 14: Client Referrals and Other Compensation

ERIM is not remunerated by any party other than its clients and as dictated by the relevant offering memorandum or underlying investment management agreement. The Firm receives no economic benefit for providing investment advice or other advisory services to its clients whether directly or indirectly other than as set out above.

The Firm does not currently utilise third party marketers.

Item 15: Custody

All segregated accounts managed by ERIM use external custody services provided by the Firm's Prime Brokers and with whom the clients have a direct agreement. ERIM does not send out account statements.

Custody services are provided to the Funds managed by the Firm as follows:

Funds	Frequency
Equilibria Japan EJF	Morgan Stanley &Co International Ltd , 25 Cabot Square, London, E14 4QH; Goldman, Sachs & Co 85 Broad Street, New York, NY 10004-2456 USA
Equilibria Japan Master Portfolio Limited	Morgan Stanley &Co International Ltd , 25 Cabot Square, London, E14 4QH; Goldman, Sachs & Co 85 Broad Street, New York, NY 10004-2456 USA
Equilibria Japan Master Portfolio II Limited	Morgan Stanley &Co International Ltd , 25 Cabot Square, London, E14 4QH; Goldman, Sachs & Co 85 Broad Street, New York, NY 10004-2456 USA

With regards to the Accounts, each underlying Account holder makes their own direct arrangements for Custody. The Firm is appointed as a sub-advisor only.

Item 16: Investment Discretion

ERIM has discretionary authority to manage accounts on behalf of all its Funds and Accounts.

As described in the “Advisory Business” section above, the Funds are subject to specific investment guidelines for the manager.

With the segregated Accounts, clients may request from time to time that ERIM must not invest in specific assets or utilise specific investment techniques. The Firm is able to customise its approach to each individual client’s mandate.

Prior to accepting an appointment to act as a discretionary manager for a client, ERIM conducts a full “know your customer” (“KYC”) assessment. This is performed so that the Firm understands each client’s investment objectives and is then able to manage the portfolio in a suitable manner.

Item 17: Voting Client Securities

The majority of the securities ERIM invests in for its clients are primarily in equities of Japanese companies and in other equity related securities. The Firm will exercise its vote in respect of shares in equities on behalf of its clients if appropriate.

ERIM does not consult with its clients before exercising any vote but always seeks to vote in a manner that it determines to be in the best interests of its clients.

Information on how the Firm has voted, together with a copy of its proxy voting policies and procedures, are available on request.

Item 18: Financial Information

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about ERIM's financial condition.

ERIM does not require or solicit pre-payment of any type of client fees in advance. The Firm has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.