

INVESTMENT ADVISER BROCHURE

CARTESIAN CAPITAL GROUP, LLC



CARTESIAN *capital group*

**505 Fifth Avenue, 15th Floor
New York, New York 10017
www.cartesiangroup.com**

March 30, 2013

This Investment Adviser Brochure (“Brochure”) provides information about the qualifications and business practices of Cartesian Capital Group, LLC (“Cartesian Capital Group”). If you have any questions about the contents of this Brochure, please contact us at (212) 461-6363. 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 authority.

Cartesian Capital Group is an investment adviser registered with the SEC under the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”). However, such registration does not imply a certain level of skill or training.

Additional information regarding Cartesian Capital Group is also available on the SEC’s website at www.adviserinfo.sec.gov.

TABLE OF CONTENTS

	<u>Page</u>
Advisory Business	2
Fees and Compensation	4
Performance-Based Fees and Side-By-Side Management	15
Types of Clients.....	17
Methods of Analysis, Investment Strategies and Risk of Loss	17
Disciplinary Information	39
Other Financial Industry Activities and Affiliations	39
Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	39
Brokerage Practices.....	41
Review of Accounts.....	42
Client Referrals and Other Compensation	43
Custody	43
Investment Discretion	43
Voting Client Securities	43
Financial Information	44
Supplemental Information About Certain Principals of Cartesian Capital Group.....	45

ADVISORY BUSINESS

Cartesian is a private investment management firm, including several registered investment advisory entities and other organizations affiliated with Cartesian Capital Group (collectively, “**Cartesian**”), that, as of December 31, 2012, manages approximately \$1,974,071,000 in assets. Cartesian commenced operations in August 2006 and employs a global investment strategy that focuses on providing growth capital to closely held companies.

Cartesian Capital Group is a newly registered investment adviser and this is its initial Brochure. Cartesian Capital Group commenced operations on August 2006. Cartesian Capital Group and its **affiliated investment advisers**, Cartesian Iris GP, LLC (“**Cartesian Iris GP**”), Cartesian Iris Management Co. (“**Cartesian Iris Manager**”), Pangaea One Management, LLC (“**Pangaea One Manager**”), Pangaea One GP, LLC (“**Pangaea One GP1**”), Pangaea One GP2, LLC (“**Pangaea One GP2**”), Pangaea One GP (Cayman), L.P. (“**Pangaea One GP1 (Cayman)**”), Pangaea One GP 2 (Cayman), L.P. (“**Pangaea One GP2 (Cayman)**”) and Pangaea One GP3 (Cayman), L.P. (“**Pangaea One GP3 (Cayman)**” and, together with Pangaea One GP1, Pangaea One GP2 and Pangaea One GP1 (Cayman) and Pangaea One GP 2 (Cayman), collectively, “**Pangaea One GP**”), Pangaea Two Management, LP (“**Pangaea Two Manager**”), Cartesian Capital Group Holding, LLC (“**Cartesian Capital Holding**” and, together with Cartesian Iris Manager, Pangaea One Manager and Pangaea Two Manager, collectively, the “**Management Companies**”) and Pangaea Two GP, LP (“**Pangaea Two GP**” and, together with the Cartesian Iris GP and Pangaea One GP, collectively, the “**General Partners**” and the General Partners together with the Management Companies, collectively, the “**Affiliated Advisers**”, and the Affiliated Advisers together with Cartesian Capital Group, collectively, the “**Advisers**”) provide investment advisory services to private investment funds.

Each of the Affiliated Advisers is registered under the Advisers Act pursuant to Cartesian Capital Group’s registration in accordance with SEC guidance. This Brochure also describes the business practices of each Affiliated Adviser, which operates as a single advisory business together with Cartesian Capital Group.

Cartesian Iris Manager serves as the management company of Cartesian Iris, L.P., a Delaware limited partnership (“**Cartesian Iris Onshore Feeder**”), Cartesian Iris Offshore Fund, L.P., a Cayman Islands exempted limited partnership (“**Cartesian Iris Offshore Feeder**”), Cartesian Iris Offshore Intermediate Fund, L.P. (“**Cartesian Iris Offshore Intermediate**”) and Cartesian Iris Master Fund, L.P., a Cayman Islands exempted limited partnership (“**Cartesian Iris Master Fund**” and, together with Cartesian Iris Onshore Feeder, Cartesian Iris Offshore Feeder, Cartesian Iris Master Fund and any other parallel or alternative investment vehicles formed in connection therewith, collectively “**Cartesian Iris Fund**”). Cartesian Iris GP, LLC is the general partner of each of the Cartesian Iris Funds. Substantially all of the assets of Cartesian Onshore Feeder are invested in Cartesian Iris Master Fund. Substantially all of the assets of Cartesian Iris Offshore Feeder are invested in Cartesian Iris Offshore Intermediate, and substantially all of the assets of Cartesian Offshore Intermediate and Cartesian Iris Offshore Feeder are, in turn, invested in Cartesian Iris Master Fund. To achieve its investment objective (described below in “Methods of Analysis, Investment Strategies and Risk of Loss”), Cartesian Iris Fund has invested in a class of equity securities of Iris Reinsurance, Ltd., a company formed under the laws of Bermuda (“**Iris Re**”), which holds a Class 3 exempted insurance license in

Bermuda. Iris Re is wholly owned by Cartesian Iris Fund and is controlled by the Principals (as defined below).

Pangaea One Manager serves as the management company of Pangaea One (Cayman), L.P., a Cayman Islands exempted limited partnership (“**Pangaea One (Cayman) Fund**”) and Pangaea One Parallel Fund, L.P., a Cayman Islands exempted limited partnership (“**Pangaea One Parallel (Cayman) Fund**”), Pangaea One, L.P., a Delaware limited partnership (“**Pangaea One Onshore Fund**”), Pangaea One Parallel Fund (B), L.P., a Delaware limited partnership (“**Pangaea One Parallel Fund (B)**” and, together with Pangaea One (Cayman) Fund, Pangaea One Parallel (Cayman) Fund and Pangaea One Onshore Fund, the “**Main Pangaea One Funds**”), Pangaea One - RDV Co-investment Fund, L.P., a Delaware limited partnership (“**Pangaea One RDV Co-Investment Fund**”), Pangaea One Co-investment Fund, L.P., a Cayman Islands exempted limited partnership (“**Pangaea One Co-Investment Fund**” and, together with Pangaea One Onshore Fund, Pangaea One (Cayman) Fund, Pangaea One Parallel Fund (B), Pangaea One RDV Co-Investment Fund, Pangaea One Parallel (Cayman) Fund, Pangaea One Co-Investment Fund and any other parallel or alternative investment vehicles formed in connection therewith, collectively, “**Pangaea One Fund**”). Pangaea One GP1 is the general partner of each of Pangaea One Onshore Fund and Pangaea One Parallel Fund (B). Pangaea One GP2 is the general partner of Pangaea One RDV Co-Investment Fund. Pangaea One GP1 (Cayman) is the general partner of Pangaea One (Cayman) Fund. Pangaea One GP2 (Cayman) is the general partner of each of Pangaea One Co-Investment Fund and Pangaea One Parallel (Cayman) Fund. Pangaea One GP3 is the general partner of Pangaea One Feeder Fund, L.P., a Cayman Islands exempted limited partnership (“**Pangaea One (Cayman) Feeder**”), which achieves its investment objective by investing substantially all of its assets in Pangaea One Parallel Fund or Pangaea One Co-investment Fund. Additionally, Cartesian Capital Group serves as the management company of Cartesian Investors-A, LLC, a Delaware limited liability company (“**Cartesian Investors-A**”), of which Cartesian Capital Holding is the managing member and which was formed for the purpose of investing together with Pangaea One Fund in a certain portfolio company investment of Pangaea One Fund.

Pangaea Two Manager serves as the management company of Pangaea Two, LP, a Delaware limited partnership (“**Pangaea Two Onshore Fund**”) and Pangaea Two Parallel, LP, a Cayman Islands exempted limited partnership (“**Pangaea Two Offshore Fund**” and, together with Pangaea Two Onshore Fund and any other parallel or alternative investment vehicles formed in connection therewith, collectively “**Pangaea Two Fund**” and, together with Pangaea One Fund, the “**Pangaea Funds**” and, together with Pangaea One Fund and Cartesian Iris Fund, each, a “**Fund**”, collectively, the “**Funds**”, and the Funds, together with any future private investment fund managed directly or indirectly by Cartesian Capital Group, the “**Private Investment Funds**”). Pangaea Two GP is the general partner of each of Pangaea Two Onshore Fund and Pangaea Two Offshore Fund.

The Advisers’ advisory services for Private Investment Funds are detailed in the applicable private placement memoranda, investment management agreements, and limited partnership agreements and are further described below under “Methods of Analysis, Investment Strategies and Risk of Loss.” Investors in Private Investment Funds participate in the overall investment program for the applicable fund, but may be excused from a particular investment due to legal, regulatory or other applicable constraints. The Funds or the Advisers have entered

into side letters or other similar agreements with certain investors that have the effect of establishing rights under or altering or supplementing the applicable Funds' limited partnership agreements.

As of December 31, 2012, Cartesian Capital Group managed \$1,974,071,000 in client assets on a discretionary basis. Cartesian Capital Group is controlled by Peter M. Yu, Thomas R. Armstrong, Geoffrey J. Hamlin, William W. Jarosz and Paul G. Pizzani (the "**Principals**") and is principally owned by Peter Yu. Cartesian Iris Manager is controlled by Pangaea One Onshore Fund, Pangaea One (Cayman) Fund and Pangaea One Parallel Fund (B) and is principally owned by Pangaea One Onshore Fund. Pangaea One Manager is controlled and principally owned by Cartesian Capital Management, LLC, a Delaware limited liability company. Cartesian Capital Management, LLC is controlled by the Principals and principally owned by Peter Yu. Pangaea Two Manager is controlled and principally owned by Pangaea Two Admin GP, LLC, a Delaware limited liability company, which is controlled by Cartesian Capital Group.

FEES AND COMPENSATION

In general, as described more fully below, the applicable Management Company receives a management fee (the "**Management Fee**") and the applicable General Partner receives a carried interest allocation (a "**Carried Interest**") in connection with advisory services. Cartesian Capital Group or other Cartesian entities or affiliates may receive additional compensation in connection with management and other services performed in respect of actual and potential portfolio companies (*e.g.*, monitoring and other fees) of Private Investment Funds although a portion of such additional compensation will offset in whole or in part the management fees otherwise payable to the applicable Adviser. Investors in the Funds also bear certain fund expenses.

Management Fees and Expenses

Pangaea One Onshore Fund

Pangaea One Onshore Fund pays Pangaea One Manager a management fee (the "**Management Fee**") in an aggregate amount allocated among the Pangaea One Onshore Fund limited partners as follows: (i) during the investment period, (A) 1.75% per annum of the commitments of each of the third-party limited partners that made commitments equal to or greater than \$75 million (the "**Anchor Limited Partners**"), (B) 1.90% per annum of the commitments of each of those limited partners who became limited partners upon the closing that occurred on August 3, 2006 (the "**Initial Limited Partners**"), and (C) 2.0% per annum of the commitments of each third-party limited partner that became a limited partner after August 3, 2006 (the "**Subsequent Closing Limited Partners**"), and (ii) after the expiration of the commitment period (A) 1.75% per annum of the invested capital of each of the Anchor Limited Partners, (B) 1.90% per annum of the invested capital of each of the Initial Closing Limited Partners and 2.0% per annum of the invested capital of each Subsequent Closing Limited Partner. The Management Fee is calculated as of January 2 and July 1 immediately preceding each payment date and payable for each period on July 31 and January 31 (in arrears with respect to the first month of each semi-annual period and in advance for the remaining five months of such semi-annual period).

Pangaea One Manager has the right to contract for and receive transaction fees, break-up fees and monitoring fees from any person in connection with the activities of the Fund; provided, however, that 100% of any such transaction fees, break-up fees and monitoring fees shall be applied, net of applicable expenses (including those of parallel funds) (without duplication), to reduce any unpaid future Management Fee payable by the Fund to Pangaea Manager. Any capital contributions made by the limited partners in respect of organizational expenses (other than placement agent fees) in excess of its *pro rata* share of a \$1.5 million cap across all Main Pangaea One Funds and the total amount of capital contributions made in respect of placement agent fees paid by the Fund shall reduce, on a dollar-for-dollar basis, the amount of unpaid future Management Fee payable by the Fund to Pangaea One Manager. To the extent that the Management Fee is not reduced as of any given payment date because such Management Fee installment has been reduced to zero, the excess shall be carried over to the next succeeding payment date and applied as a reduction of the Management Fee, but not below zero, for such succeeding payment date.

Pangaea One Manager may elect to waive all or a portion of the Management Fee. Any waived amount shall reduce, on a dollar-for-dollar basis, the amount of capital contributions that Pangaea One GP1 would otherwise be required to make in respect of its commitment and the third-party limited partners shall be required to make contributions to satisfy such reduction, *pro rata*, in accordance with their respective relative Management Fee obligations up to an amount of such waived amount. A special distribution shall be made to Pangaea One GP1 upon liquidation of the Fund of any waived amounts with respect to which allocation of income or gain have been made but not used to reduce capital contributions of Pangaea One GP1.

In addition to the Management Fee, Pangaea One Onshore Fund is responsible for payment of organizational expenses (except to the extent described above), the costs and liabilities incurred in connection the operation of Pangaea One Onshore Fund and its portfolio investments, including but not limited to the organization of any alternative investment vehicle or holding vehicle, legal, accounting, audit and other expenses (to the extent not subject to reimbursement), costs and liabilities incurred in connection with litigation or other extraordinary events, D&O liability and other insurance and indemnity expenses, communications expenses, expenses associated with meeting of the limited partners, expenses of the advisory committee, brokerage commissions, custodial expenses, appraisal fees and other investment costs, expenses of liquidating Pangaea One Onshore Fund and its subsidiaries, broken deal expenses to the extent not reimbursed by a third party and not including any portion thereof that is allocable to a parallel investment vehicle, additional fund or co-investment vehicle.

Pangaea One (Cayman) Fund

Pangaea One (Cayman) Fund pays Pangaea One Manager a Management Fee in an aggregate amount allocated among the Pangaea One (Cayman) Fund limited partners as follows: (i) during the investment period, (A) 1.75% per annum of the commitments of each of the third-party limited partners that made commitments equal to or greater than \$75 million (the “**Anchor Limited Partners**”), (B) 1.90% per annum of the commitments of each of those limited partners who became limited partners upon the closing that occurred on August 3, 2006 (the “**Initial Limited Partners**”), and (C) 2.0% per annum of the commitments of each third-party limited partner that became a limited partner after August 3, 2006 (the “**Subsequent Closing Limited**”).

Partners”), and (ii) after the expiration of the commitment period (A) 1.75% per annum of the invested capital of each of the Anchor Limited Partners, (B) 1.90% per annum of the invested capital of each of the Initial Closing Limited Partners and 2.0% per annum of the invested capital of each Subsequent Closing Limited Partner. The Management Fee is calculated as of January 2 and July 1 immediately preceding each payment date and payable for each period on July 31 and January 31 (in arrears with respect to the first month of each semi-annual period and in advance for the remaining five months of such semi-annual period).

Pangaea One Manager has the right to contract for and receive transaction fees, break-up fees and monitoring fees from any person in connection with the activities of the Fund; provided, however, that 100% of any such transaction fees, break-up fees and monitoring fees shall be applied, net of applicable expenses (without duplication), to reduce any unpaid future Management Fee payable by the Fund to Pangaea One Manager. Any capital contributions made by the limited partners in respect of organizational expenses (other than placement agent fees) in excess of its *pro rata* share of a \$1.5 million cap across all Main Pangaea One Funds and the total amount of capital contributions made in respect of placement agent fees shall reduce, on a dollar-for dollar basis, the amount of unpaid future Management Fee payable by the Fund to Pangaea One Manager. To the extent that the Management Fee is not reduced as of any given payment date because such Management Fee installment has been reduced to zero, the excess shall be carried over to the next succeeding payment date and applied as a reduction of the Management Fee, but not below zero, for such succeeding payment date.

Pangaea One Manager may elect to waive all or a portion of the Management Fee. Any waived amount shall reduce, on a dollar-for-dollar basis, the amount of capital contributions that Pangaea One GP1 (Cayman) would otherwise be required to make in respect of its commitment and the third-party limited partners shall be required to make contributions to satisfy such reduction, *pro rata*, in accordance with their commitments up to an amount of such waived amount. A special distribution shall be made to Pangaea One GP1 (Cayman) upon liquidation of the Fund of any waived amounts with respect to which allocation of income or gain have been made but not used to reduce capital contributions of Pangaea One GP1 (Cayman).

In addition to the Management Fee, Pangaea One Fund is responsible for payment of organizational expenses (except to the extent described above), the costs and liabilities incurred in connection the operation of Pangaea One (Cayman) Fund and its portfolio investments, including but not limited to the organization of any alternative investment vehicle or holding vehicle, legal, accounting, audit and other expenses (to the extent not subject to reimbursement), costs and liabilities incurred in connection with litigation or other extraordinary events, D&O liability and other insurance and indemnity expenses, communications expenses, expenses associated with meeting of the limited partners, expenses of the advisory committee, brokerage commissions, custodial expenses, appraisal fees and other investment costs, expenses of liquidating Pangaea One (Cayman) Fund and its subsidiaries, broken deal expenses to the extent not reimbursed by a third party and not including any portion thereof that is allocable to a parallel investment vehicle, additional fund or co-investment vehicle.

Pangaea One Parallel Fund (B)

Pangaea One Parallel Fund (B) pays Pangaea One Manager, a Management Fee in an aggregate amount allocated among the Pangaea One Parallel Fund (B) limited partners as follows: (i) during the commitment period, 1.75% per annum of the commitments of each third-party limited partner, and (ii) after the expiration of the commitment period (A) 1.75% per annum of the invested capital of each of the third-party limited partners. The Management Fee is calculated as of January 2 and July 1 immediately preceding each payment date and payable for each period on July 31 and January 31 (in arrears with respect to the first month of each semi-annual period and in advance for the remaining five months of such semi-annual period).

Pangaea One Manager has the right to contract for and receive transaction fees, break-up fees and monitoring fees from any person in connection with the activities of Pangaea One Parallel Fund (B); provided, however, that 100% of any such transaction fees, break-up fees and monitoring fees shall be applied, net of applicable expenses (without duplication), to reduce any unpaid future Management Fee payable by the Fund to Pangaea One Manager. Any capital contributions made by the limited partners in respect of organizational expenses (other than placement agent fees) in excess of its *pro rata* share of a \$1.5 million cap across all Main Pangaea One Funds and the total amount of capital contributions made in respect of placement agent fees shall reduce, on a dollar-for-dollar basis, the amount of unpaid future Management Fee payable by the Fund to Pangaea One Manager.

Pangaea One Manager may elect to waive all or a portion of the Management Fee. Any waived amount shall reduce, on a dollar-for-dollar basis, the amount of capital contributions that Pangaea One GP1 would otherwise be required to make in respect of its commitment and the third-party limited partners shall be required to make contributions to satisfy such reduction, *pro rata*, in accordance with their commitments up to an amount of such waived amount. A special distribution shall be made to Pangaea One GP1 upon liquidation of the Fund of any waived amounts with respect to which allocation of income or gain have been made but not used to reduce capital contributions of Pangaea One GP1.

In addition to the Management Fee, Pangaea One Parallel Fund (B) is responsible for payment of organizational expenses (except to the extent described above), the costs and liabilities incurred in connection the operation of Pangaea One Parallel Fund (B) and its portfolio investments, including but not limited to the organization of any alternative investment vehicle or holding vehicle, legal, accounting, audit and other expenses (to the extent not subject to reimbursement), costs and liabilities incurred in connection with litigation or other extraordinary events, D&O liability and other insurance and indemnity expenses, communications expenses, expenses associated with meeting of the limited partners, expenses of the advisory committee, brokerage commissions, custodial expenses, appraisal fees and other investment costs, expenses of liquidating Pangaea One Parallel Fund (B) and its subsidiaries, broken deal expenses to the extent not reimbursed by a third party and not including any portion thereof that is allocable to a parallel investment vehicle, additional fund or co-investment vehicle.

Pangaea One RDV Co-Investment Fund

Pangaea One RDV Co-Investment Fund pays Pangaea One Manager a Management Fee in an aggregate amount allocated among the Pangaea One RDV Co-Investment Fund limited partners equal to 1.0% per annum of the invested capital of each third-party limited partner, provided, however, that no Management Fee shall be payable in respect of invested capital used to purchase any Debt Security. For purposes of this Brochure, “**Debt Security**” means any security of a portfolio company representing a creditor relationship with such portfolio company that is classified as long term debt of such portfolio company under U.S. GAAP, and does not afford the creditor an option to convert the debt to equity or receive any rights to an equity security. The Management Fee is calculated as of January 2 and July 1 immediately preceding each payment date and payable for each period on July 31 and January 31 (in arrears with respect to the first month of each semi-annual period and in advance for the remaining five months of such semi-annual period).

Pangaea One Manager has the right to contract for and receive transaction fees, break-up fees and monitoring fees from any person in connection with the activities of Pangaea One RDV Co-Investment Fund; provided, however, that 100% of any such transaction fees, break-up fees and monitoring fees shall be applied, net of applicable expenses (without duplication), to reduce any unpaid future Management Fee payable by the Fund to Pangaea One Manager. Any capital contributions made by the limited partners in respect of organizational expenses (other than placement agent fees) in excess of \$200,000 and the total amount of capital contributions made in respect of placement agent fees shall reduce, on a dollar-for dollar basis, the amount of unpaid future Management Fee payable by the Fund to Pangaea One Manager. To the extent that the Management Fee is not reduced as of any given payment date because such Management Fee installment has been reduced to zero, the excess shall be carried over to the next succeeding payment date and applied as a reduction of the Management Fee, but not below zero, for such succeeding payment date. Upon the dissolution of the Fund, Pangaea One Manager shall pay to the Fund an amount equal to the Fund’s share of any transaction fees, break-up fees and monitoring fees that have not yet been applied to reduce the amount of any Management Fee previously paid.

Pangaea One Manager may elect to waive all or a portion of the Management Fee upon receipt of satisfactory consideration.

In addition to the Management Fee, Pangaea One RDV Co-Investment Fund is responsible for payment of organizational expenses (except to the extent described above), the costs and liabilities incurred in connection the operation of Pangaea One RDV Co-Investment Fund and its portfolio investments, including but not limited to the organization of any alternative investment vehicle or holding vehicle, legal, accounting, audit and other expenses (to the extent not subject to reimbursement), costs and liabilities incurred in connection with litigation or other extraordinary events, D&O liability and other insurance and indemnity expenses, communications expenses, expenses associated with meeting of the limited partners, expenses of the advisory committee, brokerage commissions, custodial expenses, appraisal fees and other investment costs, expenses of liquidating Pangaea One RDV Co-Investment Fund and its subsidiaries, broken deal expenses to the extent not reimbursed by a third party and not including any portion thereof that is allocable to a parallel investment vehicle, additional fund or co-investment vehicle.

Pangaea One Parallel (Cayman) Fund

Pangaea One Parallel (Cayman) Fund pays Pangaea One Manager, a Management Fee in an aggregate amount allocated among the Pangaea One Parallel (Cayman) Fund limited partners as follows: (i) during the commitment period, 1.5% per annum of the commitments of each third-party limited partner, and (ii) after the expiration of the commitment period (A) 1.5% per annum of the invested capital of each third-party limited partner. The Management Fee is calculated as of January 2 and July 1 immediately preceding each payment date and payable for each period on July 31 and January 31 (in arrears with respect to the first month of each semi-annual period and in advance for the remaining five months of such semi-annual period).

Pangaea One Manager has the right to contract for and receive transaction fees, break-up fees and monitoring fees from any person in connection with the activities of Pangaea One Parallel (Cayman) Fund; provided, however, that 100% of any such transaction fees, break-up fees and monitoring fees shall be applied, net of applicable expenses (without duplication), to reduce any unpaid future Management Fee payable by the Fund to Pangaea One Manager. Any capital contributions made by the limited partners in respect of organizational expenses (other than placement agent fees) and the total amount of capital contributions made in respect of placement agent fees shall reduce, on a dollar-for dollar basis, the amount of unpaid future Management Fee payable by the Fund to Pangaea One Manager. To the extent that the Management Fee is not reduced as of any given payment date because such Management Fee installment has been reduced to zero, the excess shall be carried over to the next succeeding payment date and applied as a reduction of the Management Fee, but not below zero, for such succeeding payment date. Upon the dissolution of the Fund, Pangaea One Manager shall pay to the Fund an amount equal to the Fund's share of any transaction fees, break-up fees and monitoring fees that have not yet been applied to reduce the amount of any Management Fee previously paid.

In addition to the Management Fee, Pangaea One Parallel (Cayman) Fund is responsible for payment of organizational expenses (except to the extent described above), the costs and liabilities incurred in connection the operation of Pangaea One Parallel (Cayman) Fund and its portfolio investments, including but not limited to the organization of any alternative investment vehicle or holding vehicle, legal, accounting, audit and other expenses (to the extent not subject to reimbursement), costs and liabilities incurred in connection with litigation or other extraordinary events, D&O liability and other insurance and indemnity expenses, communications expenses, expenses associated with meeting of the limited partners, expenses of the advisory committee, brokerage commissions, custodial expenses, appraisal fees and other investment costs, expenses of liquidating Pangaea One Parallel (Cayman) Fund and its subsidiaries, broken deal expenses to the extent not reimbursed by a third party and not including any portion thereof that is allocable to a parallel investment vehicle, additional fund or co-investment vehicle.

Pangaea One Co-Investment Fund

Pangaea One Co-Investment Fund pays Pangaea One Manager a Management Fee in an aggregate amount allocated among the Pangaea One Co-Investment Fund limited partners equal to (i) 0.25% per annum of the invested capital of each of the limited partners with respect to any

investment in the securities of a portfolio company made by Pangaea One Co-Investment Fund and also made by Pangaea One Onshore Fund (including, for this purpose, any parallel investment vehicles, alternative investment vehicles and holding vehicles formed in conjunction therewith, but excluding Pangaea One Co-Investment Fund) (each such investment, a “**Co-Investment**”); and (ii) 1.0% per annum of the invested capital of each of the third-party limited partners with respect to investments in the securities of a portfolio company that is not a Co-Investment. The Management Fee is calculated as of January 2 and July 1 immediately preceding each payment date and payable for each period on July 31 and January 31 (in arrears with respect to the first month of each semi-annual period and in advance for the remaining five months of such semi-annual period).

Pangaea One Manager has the right to contract for and receive transaction fees, break-up fees and monitoring fees from any person in connection with the activities of Pangaea One Co-Investment Fund; provided, however, that 100% of any such transaction fees, break-up fees and monitoring fees shall be applied, net of applicable expenses (without duplication), to reduce any unpaid future Management Fee payable by the Fund to Pangaea One Manager. To the extent that the Management Fee is not reduced as of any given payment date because such Management Fee installment has been reduced to zero, the excess shall be carried over to the next succeeding payment date and applied as a reduction of the Management Fee, but not below zero, for such succeeding payment date. Upon the dissolution of the Fund, Pangaea One Manager shall pay to the Fund an amount equal to the Fund’s share of any transaction fees, break-up fees and monitoring fees that have not yet been applied to reduce the amount of any Management Fee previously paid.

In addition to the Management Fee, Pangaea One Co-Investment Fund is responsible for payment of organizational expenses, the costs and liabilities incurred in connection the operation of Pangaea One Co-Investment Fund and its portfolio investments, including but not limited to the organization of any alternative investment vehicle or holding vehicle, legal, accounting, audit and other expenses (to the extent not subject to reimbursement), costs and liabilities incurred in connection with litigation or other extraordinary events, D&O liability and other insurance and indemnity expenses, communications expenses, expenses associated with meeting of the limited partners, expenses of the advisory committee, brokerage commissions, custodial expenses, appraisal fees and other investment costs, expenses of liquidating Pangaea One Co-Investment Fund and its subsidiaries, broken deal expenses to the extent not reimbursed by a third party and not including any portion thereof that is allocable to a parallel investment vehicle, additional fund or co-investment vehicle.

Pangaea One (Cayman) Feeder

Pangaea One (Cayman) Feeder does not pay a Management Fee but bears its proportionate share of the Pangaea One Parallel (Cayman) Fund Management Fee and Pangaea One Co-Investments Fund.

Cartesian Investors-A

Cartesian Investors-A pays Cartesian Capital Group a Management Fee equal to 1.0% per annum of the net amount of (i) the aggregate investment contributions of the Cartesian Investors-

A members (not including, for this purpose, Cartesian Capital Holding in its capacity as a Cartesian Investors-A member) (collectively, the “**Cartesian Investors-A Members**”) less (ii) the aggregate amount of distributions made to the Cartesian Investors-A Members, less (iii) the aggregate amount of investment contributions of the Cartesian Investors-A Members used to acquire an investment that has been permanently written-down or completely written-off by Cartesian Capital Group Holdings. The Management Fee is calculated as of January 2 and July 1 immediately preceding each payment date and payable for each period on July 31 and January 31 (in arrears with respect to the first month of each semi-annual period and in advance for the remaining five months of such semi-annual period).

In addition, the Cartesian Investors-A Members are responsible for up to \$350,000 of all expenses incurred by Cartesian Investors-A in connection with its formation and the conduct of its business, including without limitation or duplication, (i) any costs and expenses relating to Cartesian Investor-A’s existence under the Delaware Limited Liability Company Act, (ii) any amounts necessary to satisfy Cartesian Investors-A’s indemnification obligations that may arise from time to time pursuant to its limited liability company agreement or pursuant to any agreements pursuant to which Cartesian Investors-A (directly or indirectly) purchases an investment together with any related agreement governing such investment.

Pangaea Two Fund

The Pangaea Two Fund will pay Pangaea Two Manager a Management Fee, which will commence as of the first capital call notice with the fee payable from the date that is the earlier of 60 days prior to the date of the first capital contributed for investment (the “**Pangaea Two Effective Date**”) and which is based on aggregate commitments, regardless of when a limited partner is actually admitted. The Management Fee will be paid on a semi-annual basis out of current income and disposition proceeds of the Pangaea Two Fund and, in Pangaea Two GP’s discretion, from drawdowns that will reduce unfunded commitments.

During the investment period, the Management Fee in respect of a third-party limited partner will be equal to 2% of such third-party limited partner’s commitment. After the expiration of the investment period or earlier upon the occurrence of certain events as set forth in the limited partnership agreement, the Management Fee will be reduced to 2% per annum of (i) the aggregate amount of investment contributions by such third-party limited partner made with respect to investments less (ii) the sum of (A) distributions to such third-party limited partner constituting returns of capital from disposed of investments and (B) the aggregate amount of contributions of such third-party limited partner in respect of investments that have been completely written-off for U.S. federal income tax purposes (“**Capital Under Management**”), and, except as otherwise described with respect to Anchor Limited Partners, shall be further reduced to 1.8% of invested capital during such period for each limited partner that makes a commitment on Pangaea Two’s initial closing of at least \$40 million.

With respect to a third-party limited partner (other than Anchor Limited Partners or affiliates) participating in the initial closing, the Management Fee for the first two years beginning on the Pangaea Two Effective Date will be reduced to 1.9% of such third-party limited partner’s commitment.

With respect to an Anchor Limited Partner, the Management Fee during the investment period will equal 1.75% of such Anchor Limited Partner's commitment and, thereafter, 1.75% of such Anchor Investor's Capital Under Management.

In addition, the Management Fee payable in respect of each limited partner paying a Management Fee will be reduced by 100% of such limited partner's *pro rata* share of any directors' fees, financial consulting fees, transaction fees, or advisory fees received by Pangaea Two Manager in respect of the Pangaea Two Fund's investment in a portfolio company and break-up fees from such transactions not completed by Cartesian and their entities respective partners, managers, members, shareholders, officers and employees (all such fees, "**Pangaea Two Fee Income**"), as follows. All such Pangaea Two Fee Income will reduce the Management Fee for the period immediately following receipt and, if the amount of such Pangaea Two Fee Income exceeds the Management Fee for such period, each subsequent period until all Pangaea Two Fee Income has been so applied. Any such Pangaea Two Fee Income that remains unapplied as of the dissolution of the Fund shall be retained by Pangaea Two Manager. However, the applicable Cartesian person will distribute to any limited partner that has so elected in its subscription agreement an amount of the Management Fee equal to the lesser of: (1) such limited partner's *pro rata* share of any such unapplied Pangaea Two Fee Income and (2) the amount of the Management Fee previously paid by such limited partner.

Pangaea Two Manager may elect to waive all or a portion of the Management Fee. Any waived amount shall reduce, on a dollar-for-dollar basis, the amount of capital contributions that Pangaea Two GP would otherwise be required to make in respect of its commitment and the third-party limited partners shall be required to make contributions to satisfy such reduction, *pro rata*, in accordance with their respective relative Management Fee obligations up to an amount of such waived amount. A special distribution shall be made to Pangaea Two GP upon liquidation of the Fund of any waived amounts with respect to which allocation of income or gain have been made but not used to reduce capital contributions of Pangaea Two GP.

Pangaea Two Fund will pay or reimburse Pangaea Two GP or its affiliates for up to \$2.0 million of the Pangaea Two Fund's and Pangaea Two GP's organizational and startup expenses, including legal, travel, accounting, filing, printing, capital raising and other organizational expenses. Pangaea Two Manager will bear the cost (through a reduction of future Management Fees otherwise payable to Pangaea Two Manager as described above) of all organizational expenses in excess of this amount, if any, and of any commitment-based placement fees payable to any placement agent in connection with the formation of Pangaea Two Fund.

In addition to the Management Fee, Pangaea Two Fund will pay all other costs and expenses of the Fund, including legal, auditing, consulting, banking, financing, accounting and custodian fees and expenses; expenses associated with the Fund's financial statements, tax returns and Schedule K-1s; out-of-pocket costs and expenses incurred in connection with transactions consummated and not consummated; expenses of the advisory board and annual meetings of the limited partners; insurance; other expenses associated with the acquisition, holding and disposition of its investments, including extraordinary expenses (such as litigation, if any); and any taxes, fees or other governmental charges levied against Pangaea Two Fund.

If Pangaea Two GP proposes to structure a Pangaea Two investment using a blocker corporation or other intermediate entity, then all costs and expenses related to the blocker corporation and other intermediate entity, including, without limitation, those related to the structuring, formation, operation, disposition and liquidation of, and all taxes incurred in connection with, related to or imposed on, a blocker corporation or other intermediate entity (“**Pangaea Two Blocker Expenses**”) shall be borne solely by the applicable limited partners participating through such blocker. Except with respect to taxes, such expenses borne by a limited partner shall be paid in addition to its commitment.

Pangaea Two GP will pay all ordinary administrative and overhead expenses incurred in connection with managing, originating and monitoring investments, including compensation for employees’ salaries, office rent, utilities, etc.

Cartesian Iris Fund

Cartesian Iris Manager receives a quarterly Management Fee, in advance, equal to the product of (x) 0.3125% (*i.e.*, 1.25% on an annualized basis) and (y) the beginning balance of each capital account of each limited partner of the Cartesian Iris Fund, provided, however, that for these purposes, the value of any Segregated Investment in which such capital account participates, to the extent such Segregated Investment has not been realized or deemed realized shall be deemed to be zero. In connection with Segregated Investments, the Cartesian Iris GP receives an allocation as of the date on which any such Segregated Investment is realized or deemed realized in an amount equal to the product of (x) 0.325% per quarter (*i.e.*, 1.25% on an annualized basis), (y) the lower of (A) the original cost to the Fund of acquiring such Segregated Investment and (B) the value at which such Segregated Investment was realized or deemed realized and (z) the number of full or partial quarters during which such Segregated Investment was designated as a Segregated Investment (the “**Segregated Investment Allocation**”). For purposes of this Brochure, “**Segregated Investment**” means any investment, the value of which Cartesian Iris GP has determined, with the consent and approval of the administrator of the Cartesian Iris Fund, is difficult to determine and which is allocated to a separate investment account and held until the resolution of a special event or circumstance that may affect the valuation of such investment. The Management Fee and Segregated Investment Allocations with respect to the Fund may be paid at the Master Fund level rather than the Cartesian Onshore Feeder level or the Cartesian Iris Offshore Intermediate level.

Cartesian Iris Fund will bear its own expenses, including, without limitation: any taxes imposed on Cartesian Iris Fund; all fees and expenses incurred in connection with credit facilities (including, without limitation, commitment fees incurred in connection with such facilities and accounting and legal fees and expenses incurred in connection with negotiating such facilities); accounting, auditing, tax and tax preparation expenses; the costs of holding any meetings of the partners; investment expenses (*e.g.*, expenses that Cartesian Iris GP reasonably determines to be related to the investment of the Fund’s assets, such as brokerage commissions, clearing and settlement charges, bank service fees and interest expense, costs related to establishing and maintaining holding companies and special purpose vehicles, the costs of investigating and analyzing actual or potential investments, including travel expenses, and other third-party fees (including, without limitation, Cartesian Iris Fund’s share of expenses, due diligence and other costs related to the acquisition, holding or disposition of securities (whether or not the related

transaction is consummated)); fees and expenses of the administrator; expenses of custodians, outside counsel, accountants (including with respect to all outsourced accounting matters) and consultants (including, without limitation, the costs of any third-party valuation agents or pricing services); the cost of procuring and maintaining insurance; the costs of printing and mailing, or transmitting or otherwise making available electronically, reports and notices; the costs and expenses of any litigation involving Cartesian Iris Fund and the amount of any judgments or settlements paid in connection therewith; organizational expenses (including, without limitation, the costs of preparing any agreements and documents relating to the formation of Cartesian Iris Fund and the initial offering of Interests); expenses relating to the offer and sale of the Interests including, without limitation, legal, travel and lodging, printing and mailing expenses; other similar expenses related to the Fund; and extraordinary expenses.

As an investor in Cartesian Iris Master Fund and, in the case of Cartesian Offshore Feeder only, Cartesian Iris Offshore Intermediate, Cartesian Iris Onshore Feeder and Cartesian Iris Offshore Feeder will bear its *pro rata* share of the expenses of the Master Fund and, in the case of Cartesian Iris Offshore Feeder, Cartesian Iris Offshore Intermediate. Similarly, Cartesian Iris Master Fund, as a shareholder of Iris Re, will bear its allocable share of the expenses of Iris Re. Cartesian Iris Master Fund and Iris Re will each bear its own expenses including, but not limited to, the categories of expenses listed above as expenses of the Fund, as well as (in the case of Cartesian Iris Master Fund) the fees and expenses of the Fund's administrator. To the extent that any of Cartesian Iris Fund's expenses relate to the operations of Cartesian Iris Master Fund and one or more other funds or accounts managed by the Cartesian Iris Manager or any of its affiliates, Cartesian Iris Manager will attempt to allocate such expenses based on a good faith determination of the relative benefits of such expenses to all such funds and accounts benefiting from such expenses.

In connection with the admission of new limited partners to Cartesian Iris Fund, Cartesian Iris Fund incurs organizational and related expenses, which are paid by the Fund, and may be amortized by Cartesian Iris Fund for financial reporting purposes over a period of up to 60 months beginning with the commencement of its operations, unless such treatment would result in adverse regulatory consequences or is otherwise deemed not advisable by Cartesian Iris GP in its sole discretion, in which case Cartesian Iris Fund shall be entitled to expense such items on a current or accelerated basis for financial statement purposes.

Cartesian Iris Fund may invest through special purpose vehicles, partnerships, securitizations, structured financings or other collective investment vehicles managed by third parties or by Cartesian Iris GP or its affiliates, including Iris Re. To the extent that any such securitizations, structured financings or vehicles are managed by Cartesian Iris GP or its affiliates, such persons will not receive any compensation in connection with Cartesian Iris Fund's investment therein other than the Management Fee and the Carried Interest (as defined below). However, such vehicles will bear expenses that may be similar to, or different from, those borne by Cartesian Iris Fund.

Neither Cartesian Iris GP nor Cartesian Iris Manager anticipates receiving closing fees, investment banking fees, advisory fees, consulting fees, origination fees, directors fees, monitoring fees, commitment fees, break-up fees, other transaction-based fees or similar fees in connection with the investments to be made by Cartesian Iris Fund.

Cartesian Iris GP, Cartesian Iris Manager and their affiliates bear their own rent and similar overhead expenses, in addition to the salaries and benefits of their respective employees. Iris Re will also bear its own rent and overhead expenses, in addition to the salaries and benefits of its employees; however, the cost of such expenses will be funded by Cartesian Iris Manager or its affiliates, without being borne, directly or indirectly, by Cartesian Iris Fund.

Other Information

The Advisers may exempt certain investors in Private Investment Funds from payment of all or a portion of Management Fees and/or carried interest, including the Advisers and any other person designated by the Advisers. Any such exemption from fees and/or carried interest may be made by a direct exemption, a rebate by the applicable Adviser and/or its affiliates, or through other Private Investment Funds which co-invest with such Funds.

Investment advisory and other fees are expected to be paid, except as otherwise described in the applicable limited partnership agreement, over the term of the Fund (or the relevant Private Investment Fund, as applicable) and, in the case of the Pangaea Funds, investors generally are not permitted to withdraw or redeem interests in such Funds (or other relevant Private Investment Fund, as applicable).

Principals or other employees of Cartesian may receive a portion of the Management Fee, carried interest or other compensation received by Cartesian Capital Group or its affiliates.

PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Cartesian Capital Group does not directly receive a carried interest allocation (“**Carried Interest**”) for its advisory services to the Funds. Rather, as more fully described below, the General Partners receive Carried Interest.

Pangaea One Fund

Pangaea One GP1 receives from Pangaea One Onshore Fund a Carried Interest equal to 20% of all aggregate realized profits, subject to satisfaction of an 8%, annually compounded, preferred return to the limited partners of such Fund and from Pangaea One Parallel Fund (B) a Carried Interest equal to 15% of all aggregate realized profits. Pangaea One GP2 receives from Pangaea One RDV Co-Investment Fund a Carried Interest equal to 10% of all aggregate realized profits, subject to satisfaction of an 8%, compounded annually, preferred return to the limited partners of such Fund. Pangaea One GP1 (Cayman) receives from Pangaea One (Cayman) Fund a Carried Interest equal to 20% of all aggregate realized profits, subject to satisfaction of an 8%, compounded annually, preferred return to the limited partners of such Fund. Pangaea One GP2 (Cayman) receives from Pangaea One Co-Investment Fund a Carried Interest equal to 7.5% of all aggregate realized profits on certain investments, subject to satisfaction of an 8%, compounded annually, preferred return to the limited partners of such Fund. Upon termination of a Pangaea One Fund, the applicable Pangaea One GP will be required to restore distributions to the Fund to the extent that it received cumulative distributions of such Fund’s aggregate realized profits in excess of the applicable Carried Interest, in each case net of distributions used to or reserved to pay taxes, applied on an aggregate basis covering all transactions of such Fund. Pangaea One GP3 receives from Pangaea One (Cayman) Feeder a Carried Interest equal to 10%

of all aggregate realized profits on certain investments. Pangaea One Parallel (Cayman) Fund is not subject to a Carried Interest.

Cartesian Investors-A

Cartesian Capital Group Holdings receives from Cartesian Investors-A a Carried Interest equal to 10% of all aggregate realized profits, subject to satisfaction of an 8%, annually compounded, preferred return to the Cartesian Investors-A Members.

Pangaea Two Fund

Pangaea Two GP receives a Carried Interest equal to 20% of all aggregate realized profits, subject to satisfaction of an 8%, annually compounded, preferred return to the limited partners of Pangaea Two Fund. Upon termination of a Pangaea Two Fund, the applicable Pangaea Two GP will be required to restore distributions to the Fund to the extent that it received cumulative distributions of the Fund's aggregate realized profits in excess of the greater of (i) 20% of net profits, in each case net of distributions to direct and indirect partners of Pangaea Two GP to pay estimated tax liabilities and (ii) Carried Interest received by Pangaea Two GP to the extent a limited partner has not received its full preferred return (net of certain tax benefits received as a result of such restorations), applied on an aggregate basis covering all transactions of the Fund. Pangaea Two GP does not advise Funds not subject to Carried Interest.

Cartesian Iris Fund

Upon each partner's admission to the Cartesian Iris Fund, a capital account will be established on the books of the Cartesian Iris Fund with respect to such partner in the amount of such partner's initial capital contribution. Each additional capital contribution made by any partner will be credited to a new capital account with respect to such partner. At the close of each accounting period of the Cartesian Iris Fund any net profits or net losses (determined after all partnership expenses and liabilities and including current income and realized and unrealized appreciation and depreciation, but excluding profits and losses attributable to Segregated Investments) for the accounting period then ending initially will be allocated to all capital accounts (including the Cartesian Iris GP's capital account(s)) in proportion to their respective balances at the beginning of such accounting period.

At the end of each fiscal year of the Cartesian Iris Fund (or other period with respect to which a Carried Interest is calculated), a Carried Interest is reallocated from the capital account of each limited partner to Cartesian Iris GP's capital account, subject to certain adjustments for interim-year withdrawals or dissolution. The Carried Interest will be equal to 15% of the difference of (i) the aggregate net profits credited to each capital account of each limited partner for such fiscal year minus (ii) the Management Fee charged to such capital account for such fiscal year. A Carried Interest will only be made with respect to a capital account to the extent that no unrecovered balance remains in the loss recovery account corresponding to such capital account. Calculation of the Carried Interest will not include any unrealized gains or losses with respect to any segregated investments, to the extent that such segregated investment has not been realized or deemed realized, but will include any profits from segregated investments previously held but realized or deemed realized during the period of determination.

Cartesian Iris GP, in its sole discretion, may waive, reduce or calculate differently the Carried Interest with respect to investments made by one or more partners, including investments made by certain other investment vehicles managed by Cartesian without waiving, reducing or calculating differently the Carried Interest with respect to the other partners, and without notice to or the consent of the other partners.

TYPES OF CLIENTS

Cartesian Capital Group provides investment advice to Private Investment Funds, including the Funds. Private Investment Funds may include investment partnerships or other investment entities formed under domestic or foreign laws and operated as exempt investment pools under the Investment Company Act of 1940, as amended. The investors participating in Private Investment Funds may include individuals, banks or thrift institutions, other investment entities, pension and profit-sharing plans, trusts, estates or charitable organizations or other corporations or business entities and may include, directly or indirectly, principals or other employees of Cartesian Capital Group and its affiliates.

Pangaea One Fund is closed to new investors. Pangaea Two Fund generally has a minimum investment amount of \$25 million for third-party investors, and Pangaea Two Fund interests are offered and sold solely to accredited investors who are also qualified clients (or qualified knowledgeable Cartesian personal). Cartesian Iris Fund generally has a minimum investment amount of \$10 million for third-party investors, and Cartesian Iris Fund interests are offered and sold solely to accredited investors who are also qualified clients (or qualified knowledgeable Cartesian personal). Such minimum investment amounts may be waived by the applicable Adviser, but generally will not be less than \$100,000 (or, in the case of those Funds formed under the laws of the Cayman Islands, such other amounts as specified by Cayman Islands law).

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Investment and Operating Strategy - The Pangaea Funds

The following describes the general investment and operating strategy of the Pangaea Funds. There can be no assurance that Cartesian will achieve the investment objectives of the Pangaea Funds, and a loss of investment may be possible.

The Pangaea Funds seek to invest primarily in privately-negotiated transactions in equity and equity-related securities on a disciplined, global, and opportunistic basis with an emphasis on the world's emerging markets. Cartesian's objective for the Pangaea Funds is to generate long-term capital appreciation through the acquisition, active management, and disposition of a portfolio of direct investments.

Investment Philosophy.

Cartesian believes that the world economy is increasingly integrated and that successful portfolio companies must cultivate a global perspective and be internationally competitive. Accordingly, Cartesian employs a global and opportunistic investment approach that is not constrained by pre-determined allocations to specific sectors or markets. Further, Cartesian

focuses on building world-class companies. Evaluation of each opportunity assesses a target company's long-term global competitiveness and its potential for international expansion.

Cartesian's strategy focuses on the identification of long-term continuities and short-term dislocations. Cartesian defines "continuities" as large-scale forces driving global economic change over a decade or longer. Simultaneously, Cartesian seeks to identify market disruptions that result in a temporary divergence between value and price. Through this combination of identifying continuities and dislocations, Cartesian believes it can target investments in companies whose fundamentals offer lasting value.

Investment and Operating Strategy - The Cartesian Iris Fund

The following describes the general investment and operating strategy of Cartesian Iris Fund. There can be no assurance that Cartesian will achieve the investment objectives of the Cartesian Iris Fund, and a loss of investment may be possible.

The investment objective of the Cartesian Iris Fund is to achieve attractive risk-adjusted returns that are uncorrelated with traditional asset classes. The Cartesian Iris Fund invests in a diversified portfolio of insurance linked securities ("ILS") that focus on natural catastrophe risks. Other forms of investments may also be utilized by the Cartesian Iris Funds to achieve its objective including, but not limited to derivatives, such as swaps, options and other instruments.

The Cartesian Iris Fund invests primarily in collateralized industry loss warranties ("CILWs") and also in catastrophe bonds ("Cat Bonds"). CILWs are a type of short-term reinsurance contract whereby one party agrees to a set payment to its counterparty if insurance industry losses, as determined by an independent, third-party assessor, exceed a specified trigger amount. CILWs are privately negotiated instruments that typically cover, among other things, natural catastrophe events, such as tornadoes, hurricanes, typhoons and windstorms in the United States, Japan and Europe, and earthquakes in the United States and Japan.

Cat Bonds are instruments that transfer risk from an issuer (such as an insurance company or a reinsurance company) to capital markets investors. They are often structured as floating rate bonds whose principal is lost if specified trigger conditions are met. If triggered the principal is paid to the sponsor. Cat Bonds, like CILWs, are generally exposed to what are believed to be relatively low probability, large-scale natural catastrophe events in the United States, Japan, Europe and elsewhere.

Cartesian Iris Manager expects that the majority of the Cartesian Iris Fund's CILW investments will have a duration of 6 to 12 months, although the ultimate disposition of the investments or the realization of proceeds therefrom, if any, may occur over longer durations.

CILW transactions are fully collateralized to minimize counterparty risk.

Cartesian Iris Manager expects that the majority of the Cartesian Iris Fund's investments in Cat Bonds will also be held in collateral trust accounts in conjunction with the formal bond offering.

To achieve its investment objectives, the Cartesian Iris Fund has invested substantially all of its assets in Iris Re, a company formed under the laws of Bermuda which holds a Class 3 exempted insurance license in Bermuda and which is an affiliate of Cartesian Capital Group.

Iris Re will use the net proceeds of the Cartesian Iris Fund's investment to enter into reinsurance contracts or insurance-linked agreements with third parties. Net proceeds from Iris Re's realization of its investments, including such reinsurance contracts or insurance-linked agreements, may be reinvested in Iris Re's investment program or, to the extent necessary to pay withdrawal or redemption proceeds in connection with withdrawals by the Cartesian Iris Fund's limited partners, paid by way of redemption proceeds to the Cartesian Iris Fund.

Risks of Investment - The Pangaea Funds

Business Risks. Each Pangaea Funds' investment portfolio will consist primarily of securities issued by privately held companies, and operating results in a specified period will be difficult to predict. Such investments involve a high degree of business and financial risk that can result in substantial losses.

Future and Past Performance. The performance of the Principals' prior investments is not necessarily indicative of a Pangaea Funds' future results. While Pangaea Fund GPs intend for the Pangaea Funds to make investments that have estimated returns commensurate with the risks undertaken, there can be no assurances that the targeted internal rate of return will be achieved. On any given investment, loss of principal is possible.

Investment in Junior Securities. The securities in which the Pangaea Funds will invest may be among the most junior in a portfolio company's capital structure (such as common shares) and, thus, subject to the greatest risk of loss relative to other securities issued by such portfolio company. Generally, there will be no collateral to protect an investment once made.

Concentration of Investments. The Pangaea Funds will participate in a limited number of investments and may seek to make several investments in one geography, one industry or one industry segment. As a result, a Pangaea Fund's investment portfolio could become highly concentrated, and the performance of such industry, a few holdings, or a few geographic regions may substantially affect its aggregate return. Furthermore, to the extent that the capital raised is less than the targeted amount, the Pangaea Funds may invest in fewer portfolio companies and thus be less diversified.

Lack of Sufficient Investment Opportunities. It is possible that less than all of the commitments to the Pangaea Funds will be invested. The business of identifying and structuring private equity transactions is highly competitive and involves a high degree of uncertainty. However, limited partners will be required to pay annual Management Fees during the investment period based on the entire amount of their commitments.

Illiquidity; Lack of Current Distributions. An investment in the Pangaea Funds should be viewed as illiquid. It is uncertain as to when profits, if any, will be realized. Losses on unsuccessful investments may be realized before gains on successful investments are realized. The return of capital and the realization of gains, if any, generally will occur only upon the partial or complete disposition of an investment. While an investment may be sold at any time, it

is not generally expected that this will occur for a number of years after the initial investment. Before such time, there may be no current return on the investment. Furthermore, the expenses of operating the Pangaea Funds (including the Management Fee payable to the Pangaea Two Manager) will likely exceed its income in many periods, thereby requiring that the difference be paid from the Pangaea Funds' commitments, capital or realized proceeds.

Restricted Nature of Investment Positions. Generally, there will be no readily available market for a substantial number of the Pangaea Funds' investments, and hence, most of the Pangaea Funds' investments will be difficult to value. Certain investments may be distributed in kind to the partners.

Reliance on the Pangaea Fund GPs and Portfolio Company Management. Pangaea Two Fund has no operating history. Each Pangaea Fund will be entirely dependent on the applicable General Partner. Control over the operation of the Pangaea Funds will be vested entirely with the applicable Pangaea Fund GP, and the Pangaea Funds' future profitability will depend largely upon the business and investment acumen of the Principals. The loss of service of one or more of the Principals could have an adverse effect on a Pangaea Funds' ability to realize its investment objectives. In addition, the Pangaea Funds' investments may differ from previous investments made by the Principals in a number of respects. Limited partners generally have no right or power to take part in the management of the Pangaea Funds, and as a result, the investment performance of the Pangaea Funds will depend entirely on the actions of the applicable Pangaea Fund GP. Although the applicable Pangaea Fund GPs will monitor the performance of relevant Pangaea Fund investment, it will primarily be the responsibility of each portfolio company's management team to operate the portfolio company on a day-to-day basis. Although the Pangaea Funds generally intends to invest in companies with strong management or recruit strong management to such companies, there can be no assurance that the current or future management of such companies will operate a company successfully.

Non-U.S. Investments. The Pangaea Funds invest in portfolio companies that are organized or have substantial sales or operations outside of the United States, its territories, and possessions and may generally so invest without limitation. Such investments may be subject to certain additional risk due to, among other things, potentially unsettled points of applicable governing law, the risks associated with fluctuating currency exchange rates, capital repatriation regulations (as such regulations may be given effect during the respective term of the applicable Pangaea Fund), the application of complex U.S. and non-U.S. tax rules to cross-border investments, possible imposition of non-U.S. taxes on a Pangaea Fund and/or the partners with respect to the Pangaea Funds' income, and possible non-U.S. tax return filing requirements for the Pangaea Funds and/or the partners.

Additional risks of such non-U.S. investments include: (a) risks of economic dislocations in the host country; (b) less publicly available information; (c) less well-developed regulatory institutions; and (d) greater difficulty of enforcing legal rights in a non-U.S. jurisdiction. Moreover, non-U.S. companies may not be subject to uniform accounting, auditing and financial reporting standards, practices and requirements comparable to those that apply to U.S. companies.

The accounts of the Pangaea Funds will be maintained in U.S. Dollars. However, a Pangaea Fund's investments may be made or held in currencies other than U.S. Dollars. The value of an investment may fall substantially as a result of fluctuations in the currency of the country in which the investment is made as against the value of the U.S. Dollar. The applicable Pangaea Fund GP may (but is not obligated to) endeavor to manage currency exposures to U.S. Dollars, using hedging techniques where available and appropriate. The Pangaea Funds may incur costs related to currency hedging arrangements. There can be no assurance that adequate hedging arrangements will be available on an economically viable basis or that such hedging arrangements will achieve the desired effect.

Emerging Markets. It is anticipated that a Pangaea Fund may invest a substantial amount of its assets in developing regions and emerging markets. Investing in companies domiciled or operating in such markets involves considerations and possible risks not typically involved in companies domiciled or operating in more established regulated markets.

General Risks of Emerging Markets. Investing in companies or assets based in or economically dependent upon the prospects of emerging markets involves certain increased risks and special considerations not typically associated with or more prevalent than is seen when investing in other more developed economies. Such risks may include (i) the risk of nationalization or expropriation of assets or confiscatory taxation; (ii) a high degree of dependence on exports (including commodities exports) and the corresponding importance of international trade and commodities prices; (iii) currency exchange rate fluctuations; (iv) potentially higher rates of inflation (including hyper-inflation); (v) controls on the ability to exchange local currencies for other currencies; (vi) a higher degree of governmental planning, involvement and control over the economies; (vii) governmental decisions to discontinue prior support for economic reform programs and imposition of centrally planned economies; (viii) less liquid and more volatile securities markets; (ix) poor standardization of accounting, auditing and financial reporting approaches; (x) difficulties in enforcing contractual obligations; (xi) social or health issues; and (xii) social and civil unrest, including terrorist attacks and other acts of violence or war.

Legal Systems. Many of the laws and regulations relating to private equity and related investment activity in developing countries are either not well established or at an early stage of development. Such laws and regulations and the applicable legal framework can be vague, contradictory, not comprehensive and/or subject to varying interpretation or high level of governmental discretion. As a result, the Pangaea Funds and their investments may be subject to a number of unusual risks, including inadequate investor protection, incomplete, unclear and changing laws, ignorance of, avoidance of or breaches of regulations on the part of other market participants, a lack of established or effective avenues for legal redress and a lack of standard practices and customs with respect to confidentiality or other concerns. Accordingly, there can be no assurance that the Pangaea Funds will be able to achieve effective enforcement of its rights by way of legal proceedings.

Taxation. Tax laws and regulations relating to private equity funds and private equity investments in certain non-U.S. countries may not be well-established or may be at an early stage of development. Such laws and regulations can be vague, contradictory, not comprehensive and subject to varying interpretation. The Pangaea Funds and/or their portfolio investments may be

adversely affected if relevant local tax authorities disagree with a Pangaea Fund's tax positions. Furthermore, with respect to certain countries, there is a possibility of expropriation, confiscatory taxation and imposition of withholding or other taxes on dividends, interest, capital gains or other income.

Fraud; Insider Trading. There is generally less government supervision and regulation of stock exchanges, brokers and listed companies, including the fiduciary duties of officers and directors and protection of investors, which may lead to an increased risk of irregularities. In addition, such regulations as they exist may be applied in the context of a comparatively limited or underdeveloped concept of fiduciary duty, compared to that in developed markets. Anti-fraud and anti-insider trading legislation can often be rudimentary. In certain instances, portfolio company management may take significant actions without the consent of investors, including the Pangaea Funds. There can be no assurance that the difficulties in protecting and enforcing rights will not have a material adverse effect on the Pangaea Funds and their operations.

Corruption. Corruption often remains a significant problem in emerging markets and its effects seriously constrain the development of local economies, erode stability and trust and its macro economic and social costs are immense. There often exists insufficient anti-corruption legislation, enforcement of such legislation, and co-ordination of anti-corruption initiatives. Corruption could cause a Pangaea Fund's investments to be adversely affected including through loss of rights to assets or profits or operational difficulties.

Local Intermediaries. Some emerging countries have laws and regulations that currently preclude direct foreign investment in the securities of their companies. Transactions may be undertaken through local brokers, banks or other organizations, and the Pangaea Funds are subject to the risk of default, insolvency or fraud of such organizations. There can be no assurance that any money advanced to such organizations will be repaid or that the Pangaea Funds would have any recourse in the event of default. The collection, transfer, and deposit of bearer securities and cash may expose a Pangaea Fund to a variety of risks including theft, loss and destruction. The Pangaea Funds are also dependent upon the general soundness of the local banking systems.

Investment and Repatriation Restrictions. Prior governmental approval for foreign investments may be required under certain circumstances in some emerging market countries, and the extent of non-U.S. investment in U.S. companies may be subject to limitation in other emerging markets countries. Non-U.S. ownership limitations also may be imposed by the charters of individual companies in emerging countries to prevent, among other concerns, violation of foreign investment limitations. Some attractive equity investment opportunities may not be available to the Pangaea Funds because U.S. investors already hold the maximum amount of equity securities in such investment permitted under current laws or because of minimum eligibility requirements (such as net worth) for investing in certain types of securities in some emerging markets countries.

Repatriation of investment income, assets and the proceeds of sales by foreign investors may require governmental registration and/or approval in some emerging market countries. The Pangaea Funds could be adversely affected by delays in the granting of or a refusal to grant any required governmental registration or approval required for such repatriation or by withholding

taxes imposed by emerging market countries on interest or dividends paid on securities held by a Pangaea Fund or gains from the disposition of such securities.

Illiquid Securities Markets. Securities markets in emerging economies are typically less liquid, more volatile and less subject to governmental supervision than the securities markets of developed economies. Investments in securities listed in such markets could be affected by factors not present in regulated environments, including a lack of uniform accounting, auditing, disclosure and financial reporting standards. Positions in publicly traded securities in such markets may turn out to be much more difficult to liquidate than similar positions in the securities markets in developed countries. When seeking to sell emerging market securities, little or no market may exist for the securities.

Information; Accounting standards. The quantity and quality of generally available business information in emerging markets, including official data published by the government or securities exchanges, may be less likely to accurately reflect the actual circumstances being reported and may generally fall short of international standards. In addition, accounting, auditing and financial reporting standards, practices and disclosure requirements imposed on companies incorporated in developing countries are generally less stringent than those applicable in more developed countries. This may inhibit the gathering of accurate or material information and hinder effective due diligence in respect of potential investments. The financial statements of companies in the region are typically prepared under local accounting principles and standards, which may differ from U.S. GAAP. As a result, the financial statements and reported earnings of portfolio companies could be significantly different from those which would be reported under U.S. GAAP, and a reconciliation could reveal material differences.

Non-controlling Investments. The Pangaea Funds principally hold non-controlling interests in portfolio companies and, therefore, may have a limited ability to protect a Pangaea Fund's position in such portfolio companies and to influence such companies' management. However, the applicable Pangaea Fund GP generally seeks significant minority protections and governance rights in respect of such non-control investments. The Pangaea Funds hold meaningful minority stakes in privately held companies. Certain of these positions may be minority positions in companies for which the Pangaea Funds has no right to appoint a director or otherwise exert significant influence or protect its position. In such cases, the Pangaea Funds will rely significantly on the management teams and boards of directors of such companies, which may include representation by other parties whose interests may conflict with the interests of the Pangaea Funds. In addition, during the process of exiting investments, the Pangaea Funds at times may hold minority equity stakes of any size such as might occur if portfolio holdings are taken public. As is the case with minority holdings in general, such minority stakes that the Pangaea Funds may hold will have neither the control characteristics of majority stakes nor the valuation premiums accorded majority or controlling stakes.

Projections. Projected operating results of a company in which the Pangaea Funds invests normally will be based primarily on financial projections prepared by each company's management. In all cases, projections are only estimates of future results that are based upon information received from the company and assumptions made at the time the projections are developed. There can be no assurance that the results set forth in the projections will be attained,

and actual results may be significantly different from the projections. Also, general economic factors, which are not predictable, can have a material effect on the reliability of projections.

Need for Follow-On Investments. Following an initial investment in a given portfolio company, the applicable Pangaea Funds may decide to provide additional funds to such portfolio company or may have the opportunity to increase its investment in a successful portfolio company. There is no assurance that the Pangaea Funds will make follow-on investments or that the Pangaea Funds will have sufficient funds to make all or any of such investments. Any decision by the applicable Pangaea Funds not to make follow-on investments or their inability to make such investments may have a substantial negative effect on a portfolio company in need of such an investment or may result in a lost opportunity for the Pangaea Funds to increase their participation in a successful operation.

Significant Adverse Consequences for Default. Limited partners will be subject to significant adverse consequences in the event a limited partner defaults on its commitment or other payment obligations. In addition to losing its right to potential distributions from the Pangaea Funds, a defaulting limited partner may be forced to transfer its interest in the Pangaea Funds for an amount that is less than the fair market value of such interest and that may be paid over a period of up to ten years, without interest.

Public Company Holdings. Each Pangaea Funds' investment portfolio may contain securities issued by publicly held companies. Such investments may subject such Pangaea Funds to risks that differ in type or degree from those involved with investments in privately held companies. Such risks include, without limitation, greater volatility in the valuation of such companies, increased obligations to disclose information regarding such companies, limitations on the ability of such Pangaea Fund to dispose of such securities at certain times, increased likelihood of shareholder litigation against such companies' board members, including the Principals, and increased costs associated with each of the aforementioned risks.

Leveraged Investments. The Pangaea Funds may make use of leverage by having a portfolio company incur debt to finance a portion of its investment in such portfolio company. Leverage generally magnifies both the Pangaea Funds' opportunities for gain and their risk of loss from a particular investment. The cost and availability of leverage is highly dependent on the state of the broader credit markets, which state is difficult to accurately forecast. During times when credit markets are tight, it may be difficult to obtain or maintain the desired degree of leverage. Leverage often imposes restrictive financial and operating covenants on a company, in addition to the burden of debt service, and may impair its ability to finance future operations and capital needs. The leveraged capital structure of portfolio companies will increase the exposure of a Pangaea Fund's investments to any deterioration in a company's condition or industry, competitive pressures, an adverse economic environment or rising interest rates and could accelerate and magnify declines in the value of a Pangaea Fund's investments in the leveraged portfolio companies in a down market. In the event any portfolio company cannot generate adequate cash flow to meet debt service, a Pangaea Fund may suffer a partial or total loss of capital invested in such portfolio company, which could adversely affect the returns of such Pangaea Fund. Furthermore, should the credit markets be tight at the time a Pangaea Fund determines that it is desirable to sell all or a part of a portfolio company, such Pangaea Fund may not achieve an exit multiple or enterprise valuation consistent with its forecasts. Moreover, the

companies in which such Pangaea Fund will invest generally will not be rated by a credit rating agency.

Market Conditions. Any material change in the economic environment, including a slow-down in economic growth and/or changes in interest rates or foreign exchange rates, could have a negative impact on the performance and/or valuation of the portfolio companies. A Pangaea Fund's performance can be affected by deterioration in public markets and by market events which can impact the public market comparable earnings multiples used to value privately held portfolio companies. Movements in foreign exchange rates may adversely affect the value of investments in portfolio companies and a Pangaea Fund's performance. Following the onset of the credit crisis, the rate of future investment by funds has slowed and may continue to do so as the pricing of new transactions adjusts to reflect the current economic uncertainty and the lack of credit in the markets. Holding periods are also likely to be longer as the rate of realizations slows in light of the deterioration in market conditions for initial public offerings and a decline in mergers and acquisitions activity. The value of publicly traded securities may be volatile and difficult to sell as a block, even following a realization through listing. The impact of the credit crisis may also affect a Pangaea Fund's ability to raise funding to support its investment objective and also the level of profitability achieved on realizations of investments.

Deterioration of Credit Markets May Affect Ability to Finance and Consummate Investments. The recent deterioration of the global credit markets has made it more difficult for investment funds such as the Pangaea Funds to obtain favorable financing for investments. A widening of credit spreads, coupled with the deterioration of the sub-prime and global debt markets and a rise in interest rates, has dramatically reduced investor demand for high yield debt and senior bank debt, which in turn has led some investment banks and other lenders to be unwilling to finance new private equity investments or to only offer committed financing for these investments on unattractive terms. The Pangaea Funds' ability to generate attractive investment returns may be adversely affected to the extent a Pangaea Fund is unable to obtain favorable financing terms for its investments. Moreover, to the extent that such marketplace events are not temporary and continue, they may have an adverse impact on the availability of credit to businesses generally and could lead to an overall weakening of the U.S. and global economies. Such marketplace events also may restrict the ability of the Pangaea Fund to realize its investments at favorable times or for favorable prices.

Alternative Investment Fund Managers Directive. In November 2010, the European Union (the "EU") passed new legislation, the Alternative Investment Fund Managers Directive ("AIFMD"), that will regulate the activities of private fund managers undertaking fund management activities or marketing fund interests to investors within the EU. It is currently anticipated that the AIFMD will be implemented in stages between 2013 and 2018. From 2013, the AIFMD will impose restrictions on the management and/or marketing within the EU of funds established outside the EU, such as the Pangaea Funds, which may restrict the ability of investors to realize their investments in the Pangaea Funds by way of secondary sale.

Risks of Investment - Cartesian Iris Fund

Competition; Inadequate Return. The Cartesian Iris Fund competes with numerous other private investment funds as well as other investors, many of which may have resources

substantially greater than the Cartesian Iris Fund. No assurance can be given that the returns on the Cartesian Iris Fund's investments will be commensurate with the risk of investment in the Cartesian Iris Fund. There can be no assurance that returns of private investment funds in future periods will reflect previous historical levels. This may be due in part to changes in market conditions affecting such funds' investments and strategies, as well as the proliferation of investment funds pursuing similar strategies (thereby making it difficult for one fund to outperform others).

Limited Diversification. In the normal course of making investments on behalf of the Cartesian Iris Fund, Cartesian Iris Manager may, but is not obligated to, diversify its investments. However, at any given time, it is possible that the Cartesian Iris Fund's investments or portfolio risks could be concentrated in only a few industries, companies, geographic regions, asset types, strategies or other areas of risk. This limited diversification could expose the Cartesian Iris Fund to losses disproportionate to market movements in general. Even when the Cartesian Iris Fund attempts to control risks and diversify the Cartesian Iris Fund's portfolio, risks associated with different assets may be correlated in unexpected ways, with the result that the Cartesian Iris Fund may face concentrated exposure to certain risks. Such concentration of risk may increase any losses suffered by the Cartesian Iris Fund.

Insurance Regulation. While Iris Re is subject to the regulatory authority of the Bermuda Monetary Authority, the Cartesian Iris Fund is not resident in Bermuda and is not a regulated entity in Bermuda.

Iris Re is a registered Bermuda Class 3 insurer. As such, it is subject to regulation and supervision in Bermuda. Bermuda insurance statutes, regulations and policies of the Bermuda Monetary Authority will require Iris Re to, among other things:

- Maintain a minimum level of capital, surplus, and liquidity;
- Satisfy solvency standards;
- Restrict dividends and distributions;
- Obtain prior approval of ownership and transfer of shares;
- Maintain a principal office and appoint and maintain a principal representative in Bermuda; and
- Provide for the performance of certain periodic examinations of Iris Re and its financial condition.

These statutes, regulations and policies may affect Iris Re's ability to write reinsurance policies, to distribute funds, and to pursue its investment strategy.

It is not presently intended that Iris Re will be admitted to do business in any jurisdiction in the United States or elsewhere (other than Bermuda). However, there can be no assurance that insurance regulators in the United States or elsewhere will not review the activities of Iris Re or related companies or its agents (or those of the Cartesian Iris Fund) and claim that Iris Re (or the

Cartesian Iris Fund, as applicable) is subject to such jurisdiction's licensing requirements. If any such claim is successful and Iris Re must obtain a license, it may be subject to taxation in such jurisdiction. In addition, Iris Re will be subject to indirect regulatory requirements imposed by jurisdictions that may limit its ability to provide reinsurance.

If, in the future, Iris Re becomes subject to any insurance laws of the United States or any state thereof or of any other jurisdiction, there is no assurance that it would be in compliance with those laws or that coming into compliance with those laws would not have a significant and negative effect on its business.

The process of obtaining licenses is very time consuming and costly, and Iris Re may not be able to become licensed in a jurisdiction other than Bermuda, should it choose to do so. The modification of the conduct of Iris Re's business or the additional costs resulting from it becoming licensed in certain jurisdictions could significantly and negatively affect its business. In addition, Iris Re's inability to comply with insurance statutes and regulations could significantly and adversely affect its business by limiting its ability to conduct business as well as subjecting it to penalties and fines.

Because Iris Re is incorporated in Bermuda, it is subject to changes of Bermuda law and regulation that may have an adverse impact on its operations, including imposition of tax liability or increased regulatory supervision. In addition, the Bermuda insurance and reinsurance regulatory framework recently has become subject to increased scrutiny in many jurisdictions, including in the United States and in various states within the United States. The future impact on Iris Re's operations of any future changes in the laws and regulations to which it is or may become subject cannot be predicted.

Iris Re's ability to enter into CILWs may be subject, in certain cases, to arrangements satisfactory to applicable regulatory bodies and proposed legislation and regulations may have the effect of imposing additional requirements upon, or restricting the market for, alien insurers or reinsurers with whom domestic companies place business.

Iris Re may invest in a Bermuda segregated account or cell of an entity in which the assets and liabilities of any "cell" are legally segregated from that of the other cells in the entity pursuant to Bermuda law. Bermuda law provides protection against cross contamination of liabilities between different cells. However, there can be no categorical assurance that, should an action be brought against a cell in which Iris Re has an investment or against the entity as a whole in the courts of a jurisdiction other than Bermuda (including, without limitation, a U.S. federal bankruptcy court), the segregated nature of the cells will necessarily be upheld.

Jurisdictional Issues. Iris Re is not organized under the laws of or domiciled in the United States and it is expected that most or all of its assets will be located outside the United States. Similarly, certain of Iris Re's officers, directors and consultants are not, or may not be, citizens or residents of the United States, and all or a substantial portion of their respective assets may be located outside of the United States. As a result, it may be difficult for shareholders to effect services of process within the United States on Iris Re or upon such officers, directors or consultants or to realize against them or their assets in the event of any judgment of the courts of the United States predicated upon civil liabilities under the U.S. federal securities laws or

otherwise. For execution of enforcement of any judgment against Iris Re, or its officers, directors and consultants, or for the settlement of any dispute it may be necessary to institute legal proceedings outside the United States, and no assurance can be given that any such proceedings will be possible. If such proceedings are feasible, there may be doubt as to the enforceability in non-U.S. jurisdictions, either in original actions or in actions for enforcement of judgments of U.S. courts, for liabilities predicated upon the U.S. federal securities laws or otherwise.

General Investment Risks. All investments risk the loss of capital. Cartesian Iris Manager believes that the Cartesian Iris Fund's investment program and research techniques moderate this risk through a careful selection of securities and other financial instruments. No guarantee or representation is made that the Cartesian Iris Fund's investment program will be successful. The Cartesian Iris Fund's investment program may use such investment techniques as margin transactions, leverage and the use of synthetic instruments, such as swaps, options on securities, forward contracts and other derivative instruments, which practices can, in certain circumstances, magnify the adverse impact that any losses may have on the Cartesian Iris Fund.

Illiquid Investments; Segregated Investments. The Cartesian Iris Fund may make investments that are subject to legal or other restrictions on transfer or for which no liquid market exists. There is no limit on the amount the Cartesian Iris Fund may invest in illiquid investments. Therefore, at any given time, all of the Cartesian Iris Fund's investments may be illiquid. Illiquidity increases risk and volatility and may make it impossible to close out positions against which the market is moving or to realize such positions' value at the time of sale, and may cause substantial delays in the payment of withdrawal proceeds.

Unpredictability of Events; Adverse Selection. Cartesian Iris Manager may not be successful in utilizing its methods of quantitative analysis to evaluate investments in the catastrophe risk markets. Models may fail to accurately predict relative risk to return ratios for a variety of reasons, including because of scarcity of historical data in respect of certain strategies and investments, erroneous underlying assumptions or estimates in respect of certain data or other defects in the models, or because future events, including weather patterns, may not necessarily follow historical norms. Weather patterns and natural catastrophes are often unpredictable and there is no assurance that the models of Cartesian Iris Manager will be able to accurately assess the risk of certain investments in instruments whose value is based on the nonoccurrence of such events. Because of the potential for losses due to natural catastrophe events, it is possible that risks underwritten by Iris Re may be unprofitable, which would have a material adverse effect on performance of the Cartesian Iris Fund and Iris Re. The same is true for other strategies which may be pursued by Cartesian Iris Manager.

Catastrophic Events and Other Perils. The occurrence of catastrophic events and other perils with respect to which Iris Re has directly or indirectly provided protection could have a material adverse effect on the results of Iris Re and, in turn, the Cartesian Iris Fund. Iris Re will directly and/or indirectly offer forms of protection against, and have large aggregate exposures to, natural disasters, including but not limited to hurricanes and earthquakes. Iris Re may experience significant losses if such events were to occur. The frequency and severity of catastrophe losses are inherently unpredictable. Consequently, the occurrence of losses from a

severe catastrophe or series of catastrophes could have a material adverse effect on the results of Iris Re and in turn on the results of the Cartesian Iris Fund.

The Cartesian Iris Fund, through Iris Re, may have substantial exposure to losses resulting from acts of war, acts of terrorism and political instability. These risks are inherently unpredictable. It is difficult to predict their occurrence with statistical certainty or to estimate the amount of loss that could result from an occurrence of such events. Claims for catastrophic events could cause large losses and substantial volatility in the performance of portfolio investments, and as a result the distributions, if any, may fluctuate widely.

Risks Associated with Catastrophe Linked Securities and Derivatives. Catastrophe linked securities and derivatives are privately placed fixed income or equity securities for which the return of principal and payment of interest or dividends is contingent on the non occurrence of a specific natural peril event such as a hurricane, earthquake or other physical or weather related phenomenon. Catastrophe linked securities and derivatives often provide for an extension of maturity following the occurrence of an event to enable the insurer to process and audit loss claims where a trigger event has, or possibly has, occurred. Alternatively, the maturity could in certain circumstances be accelerated upon the occurrence of certain legal, regulatory, credit or structural events. An extension or acceleration of maturity may increase volatility. The market value of catastrophe linked securities can be expected to fluctuate (i) in the event of a catastrophic event or (ii) reflecting market expectations of a catastrophic event that could potentially impact the Cartesian Iris Fund's investments. The occurrence of catastrophic events is inherently unpredictable. In addition, catastrophe linked securities are often subordinated to other obligations of the issuer thereof, such as those obligations to a ceding insurer. Consequently, if such an issuer incurs unexpected expenses or liabilities in connection with its activities, the issuer may be unable to pay the required interest and/or principal on its issued securities.

CILW Specific Risks. The Cartesian Iris Fund will invest in CILWs, which, by their nature, are exposed to catastrophic risks that can lead to binary performance of individual transactions. Events that trigger most payouts with respect to CILW securities are rare and as such the probability of their occurrence over a short time period may be difficult to predict. In particular, the performance of CILWs depends on determination of industry losses by a recognized third party assessor. This dependency may cause substantial delays in either releasing the CILW collateral and premium funds to the Cartesian Iris Fund or paying it to the reinsured party, as the third party assessor may require time to issue its findings of industry losses.

Contracts for CILWs typically contain clauses that allow collateral release upon review of certain loss thresholds relative to certain time intervals—the “loss development period.” For example, if a third party assessor estimates at a set point in time that industry insured losses for the relevant specific event are \$15 billion, and the CILW transaction in question is triggered at an industry loss of more than \$30 billion, the CILW collateral would likely be released at the time of such determination. In general, if the initial estimated loss is less than 50% of the trigger value, the CILW is released at the defined date of estimation; otherwise, release may be delayed.

Cartesian Iris Manager anticipates that the majority of the Cartesian Iris Fund's CILWs will be structured so as to release collateral either at the defined date of estimation, assuming no losses or within a twenty four month loss development period. The Cartesian Iris Manager will seek to structure the Cartesian Iris Fund's CILW commitments to limit any conditional lock up period to the extent commercially reasonable, but there can be no assurance such conditional lock up period will coincide with the intended duration of a limited partner's investment.

Changes in the Specialty Insurance Market. The Cartesian Iris Fund believes that recent events may have resulted in an attractive pricing environment in the insurance and reinsurance markets. There can be no assurance, however, that attractive pricing will be available to the Cartesian Iris Fund or to the industry generally, nor can there be an assurance that if such pricing exists initially, it will continue. Premium levels may be adversely affected by increases in insurance industry capacity generally, increase in insurance and/or reinsurance capacity, a reduction of prices in response to favorable loss experience, the pricing of underlying direct coverages and other factors.

Limited Geographic Diversification Risk. The investments of Iris Re may be concentrated in a limited number of geographic regions and areas that are vulnerable to catastrophic events. As a result of this concentration and lack of diversification, the risk of loss to the Cartesian Iris Fund and Iris Re may be high. The occurrence of one or more catastrophic events in the regions and areas that relate to the investments of Iris Re could have a severe negative impact on the results of Iris Re and in turn on the results of the Cartesian Iris Fund.

The Catastrophic Risk Market is Cyclical. The catastrophe risk market is historically cyclical, and opportunities to capture gains from price inefficiencies may decline or disappear entirely. Demand for protection against catastrophic risks and, hence, CILWs are influenced significantly by underwriting results of primary insurers and prevailing general economic and market conditions, all of which affect insurance and reinsurance companies' decisions as to the amount or portion of risk that they retain for their own accounts and consequently the terms of the securities or other instruments through which they seek to hedge their risk. The supply of protection against catastrophe risks is related to prevailing prices, the levels of insured losses and levels of industry surplus that, in turn, may fluctuate in response to changes in rates of return on investments being earned in the reinsurance and catastrophe risk protection industry. The cyclical trends in the reinsurance and protection industry and the industry's profitability can also be affected significantly by volatile and unpredictable developments, including changes in the political, social, legal or economic environment, natural disasters (such as catastrophic hurricanes, windstorms, tornadoes, earthquakes and floods), fluctuations in interest rates, changes in the investment environment that affect market prices of and returns on investments, and inflationary pressures that may tend to affect the size of losses experienced by primary issuers. The Cartesian Iris Fund and Iris Re cannot predict whether market conditions will improve, remain constant, or deteriorate. Unfavorable market conditions may negatively impact the ability of Iris Re to locate investments at rates that it considers appropriate relative to the risk assumed. If Iris Re fails to locate investments at favorable rates, its ability to produce investment returns would be significantly and adversely affected and the results of the Cartesian Iris Fund in turn would also be significantly and adversely affected.

Restricted Nature of Investment Positions; Uncertain Exit Strategies. Generally, there will be no readily available market for CILWs, or for the majority of the Cartesian Iris Fund's other investments. Due to the generally illiquid nature of the positions which the Cartesian Iris Fund is expected to acquire, the Cartesian Iris Manager is unable to predict with confidence what the exit strategy will ultimately be for any given position, or that one will definitely be available at an attractive price, or at all. In such cases, the Cartesian Iris Fund would be required to hold the applicable investments until maturity. Even upon maturity, there can be no assurance that the Cartesian Iris Fund will realize any proceeds therefrom. The Cartesian Iris Fund's inability to exit its investments or otherwise to realize proceeds upon maturity could materially and adversely affect its investment returns, as well as its ability to source cash to pay limited partner withdrawals.

Competition; Availability of Investments. Certain markets in which the Cartesian Iris Fund may invest are extremely competitive for attractive investment opportunities and, as a result, there may be reduced expected investment returns. There can be no assurance that the Cartesian Iris Manager will be able to identify or successfully pursue attractive investment opportunities in such environments. Among other factors, competition for suitable investments from other pooled investment vehicles, the public markets and other investors may reduce the availability of investment opportunities.

Leverage. While Cartesian Iris Manager currently does not currently use significant amounts of leverage in the Cartesian Iris Fund's investment program, the Cartesian Iris Fund and may incur borrowings of up to 25% of the Cartesian Iris Fund's aggregate net asset value. To the extent that the Cartesian Iris Manager does determine to incorporate leverage in the Cartesian Iris Fund's investment program, the Cartesian Iris Fund may borrow money and employ other forms of leverage when Cartesian Iris Manager deems appropriate for enhancing the Cartesian Iris Fund's performance, or in order to finance the payment of withdrawal proceeds to withdrawing limited partners.

The use of leverage will, in many instances, enable the Cartesian Iris Fund to achieve a higher rate of return than would be otherwise possible. An inability of the Cartesian Iris Fund to obtain a desired amount of leverage, may limit the Cartesian Iris Fund's overall investment exposure and/or inhibit inverse correlation, thereby reducing the Cartesian Iris Fund's performance. Leverage may take the form of, without limitation, any of the investments or other financial instruments described herein, including derivative instruments that are inherently leveraged and trading in products with embedded leverage such as options, swaps and forwards.

The use of leverage will allow the Cartesian Iris Fund to borrow in order to make investments, thereby increasing their exposure to assets, such that their total assets are greater than their capital. The use of leverage will magnify the volatility of changes in the value of the investments of the Cartesian Iris Fund. The cumulative effect of the use of leverage by the Cartesian Iris Fund in a market that moves adversely to their investments could result in substantial losses to the Cartesian Iris Fund, which would be greater than if the Cartesian Iris Fund were not leveraged.

Derivatives. The Cartesian Iris Fund may invest in complex derivative instruments that seek to modify or replace the investment performance of particular securities, commodities,

currencies, interest rates, indices or markets on a leveraged or unleveraged basis. These instruments generally have counterparty risk and may not perform in the manner expected by the counterparties, thereby resulting in greater loss or gain to the investor. These investments are all subject to additional risks that can result in a loss of all or part of an investment, in particular, interest rate and credit risk volatility, world and local market price and demand and general economic factors and activity. Derivatives may have very high leverage embedded in them that can substantially magnify market movements and result in losses greater than the amount of the investment. Some of the markets in which the Cartesian Iris Fund may effect derivative transactions are OTC or “interdealer” markets. The participants in such markets are typically not subject to credit evaluation and regulatory oversight as are members of “exchange based” markets. This exposes the Cartesian Iris Fund to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a credit or liquidity problem with the counterparty.

Options. The Cartesian Iris Fund may buy or sell (write) both call options and put options (either exchange traded, over the counter or issued in private transactions), and when it writes options it may do so on a “covered” or an “uncovered” basis. The Cartesian Iris Fund’s options transactions may be part of a hedging tactic (*i.e.*, offsetting the risk involved in another securities position) or a form of leverage, in which the Cartesian Iris Fund has the right to benefit from price movements in a large number of securities with a small commitment of capital. These activities involve risks that can be large, depending on the circumstances. In general, the principal risks involved in options trading can be described as follows, without taking into account other positions or transactions the Cartesian Iris Fund may enter into.

When the Cartesian Iris Fund buys an option, a decrease (or inadequate increase) in the price of the underlying security in the case of a call, or an increase (or inadequate decrease) in the security in the case of a put, would result in a total loss of the Cartesian Iris Fund’s investment in the option (including commissions). The Cartesian Iris Fund could mitigate those losses by taking a long position (*i.e.*, by buying the securities or buying options on them) on securities underlying put options.

When the Cartesian Iris Fund sells (writes) an option, the risk can be substantially greater than when it buys an option. The seller of an uncovered call option bears the risk of an increase in the market price of the underlying security above the exercise price. Theoretically, the risk is unlimited unless the option is “covered.” If it is covered, an increase in the market price of the security above the exercise price would cause the Cartesian Iris Fund to lose the opportunity for gain on the underlying security—assuming it bought the security for less than the exercise price. If the price of the underlying security were to drop below the exercise price, the premium received on the option (after transaction costs) would provide profit that would reduce or offset any loss the Cartesian Iris Fund might suffer as a result of owning the security.

Counterparty Risk. The Cartesian Iris Manager anticipates that the majority of the Cartesian Iris Fund’s transactions will be structured with collateral in an effort to limit direct counterparty risk. Collateral is held by a third party custodian pursuant to a trust agreement. This exposes the Cartesian Iris Fund to the risk that a third party custodian will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the

Cartesian Iris Fund to suffer a loss. The Cartesian Iris Manager is not restricted from dealing with any particular custodian or from concentrating any or all of the Cartesian Iris Fund's transactions with one custodian.

In addition, the counterparties with which the Cartesian Iris Fund effects transactions may, from time to time, cease making markets or quoting prices in certain of the instruments. In such instances, the Cartesian Iris Fund may be unable to enter into a desired transaction in currencies, or to enter into an offsetting transaction with respect to an open position, which might adversely affect its performance. Further, in contrast to exchange traded instruments, forward, spot and option contracts and swaps on currencies do not provide a trader with the right to offset its obligations through an equal and opposite transaction. For this reason, in entering into forward, spot or options contracts or swaps, the Cartesian Iris Fund may be required, and must be able, to perform its obligations under the contract.

Required Central Clearing for Derivatives. Currently, OTC derivatives (including, without limitation, swaps, forward contracts, certain options and other instruments) are typically settled on an individual basis by the counterparties to the derivative instrument. As a result, each party to an OTC derivative is subject to the risk that the other party will default on its obligations under the terms of the derivative instrument. In addition, certain recently proposed legislation in the United States generally would require derivatives that currently are entered into on an OTC basis to be cleared through a central clearinghouse, subject to certain limited exceptions. Other similar measures may also be proposed in other jurisdictions. Should such legislation be enacted, or should any such other measures be adopted, it is expected that any such requirements would lead to the standardization of the terms of any derivative instruments cleared in such manner. Any such standardized terms are yet to be formulated and, thus, it is not possible to assess the degree to which any such standardized terms might permit Cartesian Iris Manager to implement, or prevent Cartesian Iris Manager from implementing, the Cartesian Iris Fund's investment program. Accordingly, to the extent that the Cartesian Iris Manager relies on the use of OTC derivatives incorporating specific terms in seeking to implement certain aspects of the Cartesian Iris Fund's investment program, and to the extent that such terms become unavailable as a result of any such standardization of terms, there can be no assurance that the Cartesian Iris Manager would be able to utilize alternate methods to seek to implement such aspects of the Cartesian Iris Fund's investment program. In such cases, if Cartesian Iris Manager were unable to utilize such alternate methods, the impact on the Cartesian Iris Fund could be substantial and adverse.

Forward Trading. The Cartesian Iris Fund may engage in forward trading. Forward contracts and options thereon, unlike futures contracts, are not traded on exchanges and are not standardized; rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and "cash" trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities they trade and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have been unable to quote prices for certain currencies or commodities 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. Disruptions can occur in any market traded by

the Cartesian Iris Fund due to unusually high trading volume, political intervention or other factors. Market illiquidity or disruption could result in major losses to the Cartesian Iris Fund.

Political, Regulatory and Industry Initiatives. Unexpected events, such as natural disasters, could lead to government intervention that could affect the insurance and reinsurance markets. Government regulators are generally concerned with the protection of policyholders to the exclusion of other constituencies, including shareholders of and other investors in insurers and reinsurers. The insurance and reinsurance environment has become subject to increased scrutiny in many jurisdictions. Any changes in the regulation of the insurance and reinsurance markets could have an affect on the insurance and reinsurance markets, and in turn, Iris Re and the Cartesian Iris Fund.

Highly Volatile Markets. The prices of ILSs and CILWs are highly volatile. Price movements of ILSs and CILWs are influenced by, among other things, interest rates, changing insurance capacity demand and supply, policies of governments, and national and international political and economic events and policies. In addition, governments from time to time intervene, directly and by regulation, in certain markets, particularly those in financial instruments. Such intervention often is intended directly to influence prices and may, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations.

The Cartesian Iris Fund may be adversely affected by the recent deteriorations in the financial markets and economic conditions throughout the world, some of which may magnify the risks described herein and have other adverse effects. The current global economic and political climate is one of uncertainty. Economic and financial market conditions deteriorated throughout 2008 and have resulted in increasing volatility and illiquidity in the global credit, debt, and equity markets generally. Market participants' initial concerns were focused primarily on credit and valuation problems in the sub prime mortgage market and resultant volatility and illiquidity in the sub prime segment of the mortgage backed securities market, but these concerns have broadened to the global credit and interbank money markets generally, and a wide range of financial institutions and markets, asset classes and sectors, causing decreased risk tolerance by investors and significantly tightened availability of credit. As a result, certain securities have become less liquid and more difficult to value, and thus harder to dispose of. This deterioration has been exacerbated by, among other things, uncertainty regarding the extent of the problems in the mortgage industry and the degree of exposure of financial institutions and other market participants, increased aversion to risk, concerns over inflation, instability in energy costs, complex geopolitical issues, the lack of availability and higher cost of credit and the declining real estate and mortgage markets in the United States and elsewhere. These factors, combined with variable commodity pricing, declining business, and consumer financial markets, have led to a global economic slowdown and a global recession. The duration and ultimate effect of current market conditions cannot be forecasted, nor is it known whether or the degree to which such conditions may worsen. The continuation or further deterioration of current market conditions and continued uncertainty regarding economic markets generally could result in further declines in the market values of potential investments or declines in market values in general. Such declines could lead to market losses and diminished investment opportunities for the Cartesian Iris Fund, could prevent the Cartesian Iris Fund from successfully meeting its investment objectives or could require the Cartesian Iris Fund to dispose of investments at a loss

while such unfavorable market conditions prevail. While current market conditions persist, the market in which the Cartesian Iris Fund operates will also be subject to heightened uncertainty. A climate of uncertainty may also reduce the availability of potential investments and increases the difficulty of modeling market conditions, reducing the accuracy of the financial projections.

Idle Funds. While Cartesian Iris Manager typically will endeavor to keep the Cartesian Iris Fund's assets invested, there may be periods of time when the Cartesian Iris Fund has a significant portion of its assets in cash or cash equivalents. The investment return on such "idle funds" may not meet the overall return objective the Cartesian Iris Manager seeks through the Cartesian Iris Fund's investment program.

Inside Information; Inability to Vote Certain Positions. From time to time the Cartesian Iris Manager or its affiliates may be in possession of material, non public information concerning the issuer of securities or other instruments in which the Cartesian Iris Fund has invested, or in which it intends to invest. The possession of such information may limit the ability of the Cartesian Iris Fund to buy or sell such securities or other instruments. Accordingly, the Cartesian Iris Fund may be required to refrain from buying or selling such securities or other instruments at times when the Cartesian Iris Manager might otherwise wish the Cartesian Iris Fund to buy or sell such securities or other instruments.

Non-U.S. Investments. The Cartesian Iris Fund may invest in securities of non-U.S. companies and in countries other than the United States and in securities of non-U.S. government entities. Investments outside the United States or denominated in non-U.S. currencies pose currency exchange risks as well as a range of other potential risks that could include, depending on the country involved, expropriation, confiscatory taxation, political or social instability, illiquidity, price volatility and market manipulation. In addition, less information may be available regarding non-U.S. issuers, and non-U.S. companies may not be subject to accounting, auditing and financial reporting standards and requirements comparable to or as uniform as those of U.S. companies. Further, non-U.S. securities markets may not be as liquid as U.S. markets. Transaction costs of investing outside the United States are generally higher than in the United States. There is generally less government supervision and regulation of exchanges, brokers and issuers outside the United States than there is in the United States, and there is greater difficulty in taking appropriate legal action in non-U.S. courts. Trading counterparties, brokers and subcustodians located outside of the United States are subject to different bankruptcy and insolvency regimes that may make it difficult to recover assets held with or collateral posted to such counterparties, brokers and subcustodians, which may result in substantial delays in recovering such assets or collateral, or an inability to recover such assets or collateral at all. Non-U.S. markets also have different clearance and settlement procedures which in some markets have at times failed to keep pace with the volume of transactions, thereby creating substantial delays and settlement failures that could adversely affect the Cartesian Iris Fund's performance.

Currency Exchange Exposure. The Cartesian Iris Fund may make investments denominated in non-U.S. currencies, the prices of which are determined with reference to currencies other than the U.S. Dollar. The Cartesian Iris Fund, however, values its investments in U.S. Dollars. The Cartesian Iris Fund may seek to hedge its non-U.S. currency exposure by entering into currency hedging transactions, such as treasury locks, forward contracts and cross

currency swaps. There can be no guarantee that investments suitable for hedging currency or market shifts will be available at the time when the Cartesian Iris Fund wishes to use them, or that hedging techniques employed by the Cartesian Iris Fund will be effective. Furthermore, certain currency market risks may not be fully hedged or hedged at all.

To the extent unhedged, the value of the Cartesian Iris Fund's positions in non-U.S. investments will fluctuate with U.S. Dollar exchange rates as well as with the price changes of the investments in the various local markets and currencies. In such cases, an increase in the value of the U.S. Dollar compared to the other currencies in which the Cartesian Iris Fund makes investments will reduce the effect of any increases and magnify the effect of any decreases in the prices of the Cartesian Iris Fund's investments in their local markets and may result in a loss to the Cartesian Iris Fund. Conversely, a decrease in the value of the U.S. Dollar will have the opposite effect on the Cartesian Iris Fund's non-U.S. Dollar investments.

Other Hedging Strategies. The Cartesian Iris Fund, directly or indirectly, may opt to use a variety of financial instruments such as derivatives, options, swaps, caps and floors and forward contracts, both for investment purposes and for risk management purposes in order to: (i) protect against possible changes in the market value of the Cartesian Iris Fund's investment portfolio resulting from fluctuations in the securities markets and changes in interest rates, (ii) protect the Cartesian Iris Fund's unrealized gains in the value of the Cartesian Iris Fund's investment portfolio, (iii) facilitate the sale of any such investments, (iv) establish a position as a temporary substitute for other securities, (v) enhance or preserve returns, spreads or gains on any investment in the Cartesian Iris Fund's portfolio, (vi) hedge the interest rate or currency exchange rate on any of the Cartesian Iris Fund's liabilities or assets, (vii) protect against any increase in the price of any securities the Cartesian Iris Fund anticipates purchasing at a later date or (viii) for any other reason that the Cartesian Iris Manager deems appropriate.

The Cartesian Iris Manager is not required to attempt to hedge portfolio positions in the Cartesian Iris Fund and, for various reasons, may determine not to do so. Furthermore, the Cartesian Iris Manager may not anticipate a particular risk so as to hedge against it. While the Cartesian Iris Fund may enter into hedging transactions in seeking to reduce risk, such transactions may result in a poorer overall performance for the Cartesian Iris Fund than if it had not engaged in any such hedging transaction. For a variety of reasons, the Cartesian Iris Manager may not seek to establish a perfect correlation between such hedging instruments and the portfolio holdings being hedged. Such imperfect correlation may prevent the Cartesian Iris Fund from achieving the intended hedge or expose the Cartesian Iris Fund to risk of loss. The success of the hedging strategy of the Cartesian Iris Fund is subject to the Cartesian Iris Manager's ability to assess correctly the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the investments in the portfolios being hedged. Since the characteristics of many securities change as markets change or time passes, the success of the Cartesian Iris Fund's hedging strategy is also subject to the Cartesian iris Manager's ability to recalculate continually, readjust and execute hedges in an efficient and timely manner. Moreover, it should be noted that the portfolio always will be exposed to certain risks that cannot be hedged, such as certain credit risk, "liquidity" risk and "widening" risk.

Other Trading Strategies. The Cartesian Iris Fund may employ investment strategies for which no "risk factors" are disclosed herein. Such strategies should not be considered to be less risky

than the strategies disclosed herein, and should be viewed as speculative volatile. There can be no assurance that the Cartesian Iris Fund will achieve its investment objectives or avoid total losses.

Conflicts of Interest - The Pangaea Fund

Conflict of Interest; Other Activities. During the respective investment period of a Pangaea Fund, the Principals will pursue appropriate investment opportunities within the scope of such Pangaea Fund's investment objectives exclusively through such Pangaea Fund, subject to certain limited exceptions. However, the Principals currently manage both Pangaea One Fund and Pangaea Two Fund. Each are global private equity funds with similar investment strategies which make similar investments. The Principals may direct certain relevant investment opportunities or portions thereof, subject to certain limitations, to one or both Funds or its portfolio companies, including follow-on investments in existing Pangaea One Fund portfolio companies. In addition, the Principals may spend, now or in the future, a portion of their business time and attention pursuing investment opportunities that do not fall within the investment objectives of the Pangaea Funds for other investment funds and other than on behalf of the Pangaea Funds (such other investment funds, together with Pangaea Funds, the "**Other Funds**"). These activities could be viewed as creating a conflict of interest in that the time and effort of the Principals and their employees will not be devoted exclusively to the business of the Pangaea Funds but will be allocated between the business of the Pangaea Funds and the management of such Other Funds. The Principals and the applicable General Partner's investment staff will continue to manage and monitor the Other Funds and such other investments.

In addition, following the respective investment period of the applicable Pangaea Fund, the Principals may and likely will focus their investment activities on other opportunities and areas unrelated to such Pangaea Fund's investments including successor funds to such Pangaea Fund. Accordingly, the Principals may have a conflict of interest at such time in the allocation of time and effort in connection with the provision of management and advisory services to such Pangaea Fund, on the one hand, and such other opportunities, on the other. No Pangaea Fund will be entitled to any of the profits from Other Funds or such Pangaea Fund's successors.

Furthermore, the General Partners and/or their respective affiliates may from time to time provide co-investment opportunities to limited partners and other parties, advisory services, and other services to portfolio companies and third parties ("**Advisory Services**"). In addition, such General Partner and/or their affiliates may collect fees directly from the foregoing co-investors in connection with such Advisory Services with respect to a portfolio company investment in which the Pangaea Funds is participating, separately from and in addition to any fees such General Partner and/or its affiliates may receive from such portfolio company. Unlike fees from portfolio companies, fees for Advisory Services received directly or indirectly from co-investors and other third parties will not be shared with the Pangaea Funds, nor will such fees offset the Management Fee payable by a Pangaea One Fund. Therefore, the fee potential for Advisory Services inherent in a particular investment or transaction may give rise to conflicts of interest. For example, such arrangements could be viewed as an incentive for such General Partner and/or its affiliates to make a greater portion of an investment opportunity available to co-investors or other third-parties *vis à vis* the opportunity presented to the Pangaea Funds.

In addition, the Principals and their employees may also carry on investment activities for their own accounts and for family members and friends who do not invest in the Pangaea Funds, and may give advice and recommend securities which may differ from advice given to, or securities recommended or bought for, the Pangaea Funds, even though their investment objectives may be the same or similar. Furthermore, the General Partner and/or its affiliates may, in certain limited circumstances, make an investment on behalf of Other Funds that the applicable General Partners and/or their respective affiliates manage or advise without offering the investment opportunity to or making any investment on behalf of the Pangaea Funds. Such General Partners will endeavor to identify and resolve conflicts with respect to investment opportunities as provided in the applicable limited partnership agreement.

Conflicts of Interest - Cartesian Iris Fund

Differing Locations in the Capital Structure. Cartesian may cause its clients, including the Cartesian Iris Fund, to purchase different classes of debt and/or equity of the same borrower or issuer, including Iris Re. These and other investments may be deemed to create conflicts of interest, particularly because Cartesian may take certain actions for some clients with respect to one class of debt or equity that may be adverse to other clients who hold other classes of debt or equity of the same borrower or issuer. In all such cases, Cartesian will seek to act in a manner it believes in good faith to be equitable to all clients under the circumstances.

Valuation. The Cartesian Iris Fund expects to hold securities and financial instruments that do not have readily available market quotes. In such instances the Cartesian Iris GP generally will value such securities and financial instruments in good faith based on various factors, including, without limitation, third party vendor models, external pricing sources (if any), recent trading activity (if any) or other information aimed at a relative value assessment process that incorporates, among other factors in the Cartesian Iris GP's discretion, current market conditions, position size, trends and prices. Such valuations may vary from similar valuations performed by independent third parties for similar types of securities and financial instruments. Additionally, such valuations will directly correlate to the compensation paid or allocated by the Partnership to the Cartesian Iris Manager and the Cartesian Iris GP and may, therefore, create conflicts of interest.

Other Activities. The Cartesian Iris GP, the Cartesian Iris Manager and their members, officers and employees will devote so much of their time to the activities of the Cartesian Iris Fund as they deem necessary and appropriate. By the terms of the applicable Limited Partnership Agreement and the applicable investment management agreement, the Cartesian Iris GP, the Cartesian Iris Manager and their respective affiliates are not restricted from forming additional investment funds, from entering into other investment advisory relationships or from engaging in other business activities, even though such activities may be in competition with the Cartesian Iris Manager and/or may involve substantial time and resources of the Cartesian Iris GP and/or the Cartesian Iris Manager. These activities could be viewed as creating a conflict of interest in that the time and effort of the members of the Cartesian Iris GP, the Cartesian Iris Manager and their respective officers and employees will not be devoted exclusively to the business of the Cartesian Iris Fund but will be allocated between the business of the Cartesian Iris Fund and the management of the monies of other advisees of affiliates of the Cartesian Iris GP or the Cartesian Iris Manager.

Conflicts of Interest - General Application

Carried Interest; Supplemental Fees. Because a General Partner's Carried Interest is based on a percentage of net realized profits, it may create an incentive for such General Partner to cause the applicable Private Investment Fund to make riskier or more speculative investments than would otherwise be the case. Additionally, since certain Advisers are permitted to retain certain supplemental fees (including but not limited to transaction fees, break-up fees and monitoring fees) (as described under "Fees and Compensation") in connection with the applicable Fund's investments, such Adviser could have a conflict of interest in connection with approving transactions.

Conflicting Investor Interests. Limited partners may have conflicting investment, tax, and other interests with respect to their investments in a Fund, including conflicts relating to the structuring of investment acquisitions and dispositions. Conflicts may arise in connection with decisions made by the applicable General Partner regarding an investment that may be more beneficial to one limited partner in such Private Investment Fund than another, especially with respect to tax matters. In structuring, acquiring and disposing of investments, such General Partner generally will consider the investment and tax objectives of such Private Investment Fund and its partners as a whole, not the investment, tax, or other objectives of any limited partner individually.

DISCIPLINARY INFORMATION

Cartesian Capital Group and its management persons have not been subject to any material legal or disciplinary events required to be discussed in this Brochure.

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Cartesian Capital Group is affiliated with other Cartesian investment advisers registered with the SEC under the Advisers Act pursuant to Cartesian Capital Group's registration in accordance with SEC guidance. These affiliated investment advisers operate as a single advisory business together with Cartesian Capital Group and serve as managers or general partners of private investment funds and other pooled vehicles and may share common owners, officers, partners, employees, consultants or persons occupying similar positions.

CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

The Advisers have adopted the Cartesian Capital Group Code of Ethics and Securities Trading Policy and Procedures (the "**Code**"), which sets forth standards of conduct that are expected of Cartesian Principals and employees and addresses conflicts that may arise from personal trading. The Code requires certain Cartesian personnel to report their personal securities transactions and prohibits or requires pre-clearance in order for such personnel to directly or indirectly acquire beneficial ownership in, or dispose of, certain securities without first obtaining approval from the Cartesian Chief Compliance Officer. A copy of the Code will be provided to any investor or prospective investor upon request to the Cartesian Chief Compliance Officer, at (212) 461-6363. Personal securities transactions by employees who

manage client accounts are required to be conducted in a manner that prioritizes the client's interests in client eligible investments.

The Advisers and their affiliated persons may come into possession, from time to time, of material nonpublic or other confidential information about public companies which, if disclosed, might affect an investor's decision to buy, sell or hold a security. Under applicable law, the Advisers and their affiliated persons would be prohibited from improperly disclosing or using such information for their personal benefit or for the benefit of any person, regardless of whether such person is a client of the Advisers.

Accordingly, should the Advisers or any of their affiliated persons come into possession of material nonpublic or other confidential information with respect to any public company, the Advisers may be prohibited from communicating such information to clients, and the Advisers will have no responsibility or liability for failing to disclose such information to clients as a result of following their policies and procedures designed to comply with applicable law. Similar restrictions may be applicable as a result of the Advisers' personnel serving as directors of public companies and may restrict trading on behalf of clients, including the Funds.

Principals and employees of the Advisers and their affiliates may directly or indirectly own an interest in Private Investment Funds, including the Funds or certain co-investment vehicles. To the extent that co-investment vehicles exist, such vehicles may invest in one or more of the same portfolio companies as the Funds.

The Private Investment Funds may invest together with other funds advised by an affiliated adviser of Cartesian in the manner set forth in the applicable limited partnership agreements. The Advisers will determine the allocation of investment opportunity in a manner that it believes is fair and equitable to its clients consistent with the Advisers' obligations and may take into consideration factors such as the following: the client's investment restrictions and objectives (including those set forth in the relevant client's governing documents, where applicable), investment and operating guidelines, diversification limitations, tax and regulatory considerations, minimum dollar limits and other relevant factors, including risk.

The Advisers and their respective affiliates, the Principals and employees may carry on investment activities for their own account and for family members, friends or others who do not invest in the Funds, and may give advice and recommend securities to vehicles which may differ from advice given to, or securities recommended or bought for the Funds even though their investment objectives may be the same or similar.

From time to time, Cartesian Capital Group may borrow funds on behalf of a Fund or the Private Investment Funds and contribute such borrowed amounts to such Fund (or relevant Private Investment Fund, as applicable) as a special capital contribution for investment, to be redeemed at a later date. Interest in connection with such borrowing is borne by the Fund (or the relevant Private Investment Fund, as applicable) as a Fund expense, consistent with the Partnership Agreement (or other governing document) and the expense policy described under "Fees and Compensation." In borrowing on behalf of a Fund or other Private Investment Fund, Cartesian Capital Group is subject to conflicts of interest between repaying its obligations and retaining such borrowed amounts for the benefit of such or Private Investment Fund, as

applicable, although such borrowing may be further limited as set forth in the limited partnership agreement in respect of duration and purpose. Cartesian Capital Group will effect such borrowings in a manner it believes to be fair and equitable to the Fund or Private Investment Fund, as applicable, and consistent with Cartesian Capital Group's obligations to the Fund and the applicable Limited Partnership Agreement (or other governing document).

BROKERAGE PRACTICES

The Advisers focus on securities transactions of private companies and generally purchase and sell such companies through privately-negotiated transactions in which the services of a broker-dealer may be retained. However, the Advisers may also distribute securities to investors in a Fund or sell such securities, including through using a broker-dealer, if a public trading market exists. Although the Advisers do not intend to regularly engage in public securities transactions, to the extent they do so, they follow the brokerage practices described below.

If the Advisers sell publicly traded securities for a Fund, they are responsible for directing orders to broker-dealers to effect securities transactions for accounts managed by the Advisers. In such event, the Advisers will seek to select brokers on the basis of best price and execution capability. In selecting a broker to execute client transactions, the Advisers may consider a variety of factors, including: (i) execution capabilities with respect to the relevant type of order; (ii) commissions charged; (iii) the reputation of the firm being considered; and (iv) responsiveness to requests for trade data and other financial information.

The Advisers have no duty or obligation to seek in advance competitive bidding for the most favorable commission rate applicable to any particular client transaction or to select any broker on the basis of its purported or "posted" commission rate, but will endeavor to be aware of the current level of the charges of eligible brokers and to reduce the expenses incurred for effecting client transactions to the extent consistent with the interests of such clients. Although the Advisers generally seek competitive commission rates, they may not necessarily pay the lowest commission or commission equivalent. Transactions may involve specialized services on the part of the broker involved and thereby entail higher commissions or their equivalents than would be the case with other transactions requiring more routine services.

Consistent with the Advisers seeking to obtain best execution, brokerage commissions on client transactions may be directed to brokers in recognition of research furnished by them, although the Advisers generally do not make use of such services at the current time and have not made use of such services since its inception. Such research services could include economic research, market strategy research, industry research, company research, fixed income data services, computer-based quotation equipment and research services and portfolio performance analysis. As a general matter, research provided by these brokers would be used to service all of the Advisers' Private Investment Funds. However, each and every research service may not be used for the benefit of each and every Private Investment Fund managed by the Advisers, and brokerage commissions paid by one Private Investment Fund may apply towards payment for research services that might not be used in the service of such Private Investment Fund. Research services may be shared among the Advisers and their affiliates.

The Advisers do not employ any agreement or formula for the allocation of brokerage business on the basis of research services; however, the Advisers may, in their discretion, cause the Private Investment Funds to pay such brokers a commission for effecting portfolio transactions in excess of the amount of commission another broker adequately qualified to effect such transactions would have charged for effecting such transactions. This may be done where the Advisers have determined in good faith that such commission is reasonable in relation to the value of brokerage and research services received. In reaching such a determination, the Advisers would not be required to place or attempt to place a specified dollar value on the brokerage or research services provided by such broker.

The Advisers will periodically determine which brokers have provided research that has been helpful in the management of Private Investment Funds. To the extent consistent with the Advisers' goal to obtain best execution for the Funds, the Advisers may seek to place a portion of the trades that they direct with the brokers who are identified through this process.

To the extent that the Adviser allocates brokerage business on the basis of research services, it may have an incentive to select or recommend broker-dealers based on the interest in receiving such research or other products or services, rather than based on its Private Investment Funds' interest in receiving most favorable execution.

The Advisers do not anticipate engaging in significant public securities transactions; however, to the extent that the Advisers engage in any such transactions, orders for purchase or sale of securities placed first will be executed first, and within a reasonable amount of time of order receipt. To the extent that orders for Private Investment Funds are completed independently, the Advisers may also purchase or sell the same securities or instruments for several Private Investment Funds simultaneously. From time to time, the Advisers may, but are not obligated to, purchase or sell securities for several client accounts at approximately the same time. Such orders may be combined or "batched" to facilitate obtaining best execution and/or to reduce brokerage commissions or other costs. Batched transactions are executed in a manner intended to ensure that no participating Private Investment Fund of the Advisers is favored over any other Private Investment Fund. When an aggregated order is filled in its entirety, each participating Private Investment Fund generally will receive the average price obtained on all such purchases or sales made during such trading day.

When an aggregate order is partially filled, the securities purchased or sold will normally be allocated on a *pro rata* basis to each Private Investment Fund participating in such buy or sell order in accordance with the amount of securities originally requested for such Private Investment Funds.

Each Private Investment Fund generally will receive the average price obtained on all such purchases or sales made during such trading day. Exceptions to *pro rata* allocations are permissible provided they are fair and equitable to Private Investment Funds over time.

REVIEW OF ACCOUNTS

The investments made by the Funds are generally private, illiquid and long-term in nature. Accordingly, the review process is not directed toward a short-term decision to dispose

of securities. However, Cartesian closely monitors companies and/or interests in which the Funds invest, and the Cartesian Chief Compliance Officer periodically checks to confirm that each Private Investment Fund is maintained in accordance with its stated objectives.

Each Fund will provide to each of its limited partners (i) annual GAAP audited and quarterly unaudited financial statements, (ii) annual tax information for each Limited Partner's tax return and (iii) at the time of delivery of the financial statements, reports providing a description of all investments held by the Funds.

CLIENT REFERRALS AND OTHER COMPENSATION

Cartesian Capital Group and/or its affiliates may provide certain business or consulting services to companies in a Private Investment Fund's portfolio and may receive compensation from these companies in connection with such services. As described in the applicable Private Investment Fund's Limited Partnership Agreement Private Investment, this compensation may, in many cases, offset a portion of the Management Fees paid by such Fund. However, in other cases (*e.g.*, reimbursements for out of pocket expenses directly related to a portfolio company), these fees may be in addition to Management Fees. See "Fees and Compensation."

From time to time, the Advisers may enter into solicitation arrangements pursuant to which they compensate third parties for referrals that result in a potential Limited Partner becoming a Limited Partner in the Private Investment Funds. Any fees and expenses payable to any such placement agents will borne by Cartesian indirectly through an offset against the Management Fee.

CUSTODY

Cartesian maintains custody of certain of the Funds' assets held in the applicable Fund's name with the following qualified custodians: JPMorgan Chase Bank NA, HSBC Bank plc and Merrill Lynch, Pierce, Fenner & Smith, Incorporated.

INVESTMENT DISCRETION

The Advisers have discretionary authority to manage the investments on behalf of the applicable Fund pursuant to the respective governing agreements described under "Advisory Business." As a general policy, the Advisers do not allow clients to place limitations on this authority. Pursuant to the terms of the governing agreements, however, the Advisers may enter into "side letter" arrangements with certain Limited Partners whereby the terms applicable to such Limited Partners' investment in the Funds may be altered or varied, including, in some cases, the right to opt-out of certain investments for legal, tax, regulatory or other similar reasons. The Advisers assume this discretionary authority pursuant to the terms of the governing agreements.

VOTING CLIENT SECURITIES

The Advisers have adopted the Cartesian Proxy Voting Policies and Procedures (the "**Proxy Policy**") to address how they will vote proxies, as applicable, for each Fund's (and any Private Investment Fund's) portfolio investments. The Proxy Policy seeks to ensure that the

Advisers vote proxies (or similar instruments) in the best interest of the Funds, including where there may be material conflicts of interest in voting proxies. Each of the Advisers generally believes its interests are aligned with those of Funds' limited partners through the principals' beneficial ownership interests in the Funds and therefore will not seek limited partner approval or direction when voting proxies. In the event that there is or may be a conflict of interest in voting proxies, the Proxy Policy provides that the Adviser may address the conflict using several alternatives, including by seeking the approval or concurrence of the Fund's advisory boards on the proposed proxy vote or through other alternatives set forth in the Proxy Policy. Additionally, the Fund's advisory boards may approve the Adviser's vote in a particular solicitation. The Advisers do not consider service on portfolio company boards by Cartesian personnel or their receipt of management or other fees from portfolio companies to create a material conflict of interest in voting proxies with respect to such companies. In addition, the Proxy Policy sets forth certain specific proxy voting guidelines followed by the Advisers when voting proxies on behalf of the Funds. If you would like a copy of the Adviser's complete Proxy Policy or information regarding how the Advisers voted proxies for particular portfolio companies, please contact the Cartesian Chief Compliance Officer, at (212) 461-6363, and it will be provided to you at no charge.

FINANCIAL INFORMATION

Cartesian Capital Group does not require prepayment of management fees six months or more in advance or have any other events requiring disclosure under this item of the Brochure.

**SUPPLEMENTAL INFORMATION ABOUT CERTAIN PRINCIPALS
OF CARTESIAN CAPITAL GROUP**

Peter M. Yu

Educational Background and Business Experience

Peter M. Yu, born 1961, is a Principal of Cartesian. Prior to forming Cartesian, Mr. Yu founded and served as President & Chief Executive Officer of AIG Capital Partners, Inc. (“AIGCP”). Peter chaired investment committees for eight AIGCP private equity funds and led numerous transactions in Latin America, Central and Eastern Europe, and Asia. Prior to founding AIGCP in 1996, Peter served as Director to the National Economic Council, the White House office responsible for developing and coordinating economic policy. A graduate of Harvard Law School, Peter served as President of the Harvard Law Review and as a law clerk on the U.S. Supreme Court. Peter holds a BA from Princeton University’s Woodrow Wilson School.

Disciplinary History

There are no legal or disciplinary events to disclose with respect to Mr. Yu.

Other Business Activities

Mr. Yu is not engaged in any investment-related business outside of his roles with Cartesian and its affiliated investment advisers.

Additional Compensation

Mr. Yu does not receive any additional compensation that is required to be disclosed.

Supervision

As a Principal of Cartesian, Mr. Yu is responsible for implementing and overseeing the investment strategy of the clients of Cartesian. Mr. Yu is not subject to the supervision of any other individual other than Thomas R. Armstrong, Geoffrey L. Hamlin, William W. Jarosz and Paul G. Pizzani.

Thomas R. Armstrong

Educational Background and Business Experience

Thomas R. Armstrong, born 1944, is a Principal of Cartesian. Prior to the formation of Cartesian, Mr. Armstrong served as Senior Advisor to AIGCP from 1999-2005 and participated in evaluating and managing a number of the AIGCP portfolio investments. Mr. Armstrong was a founding partner of Advent International, a global private equity investment firm, where he served as Executive Vice President and COO from 1984 to 1998. During that period, he served on Advent's investment committee and assisted in the formation and operation of multiple Advent affiliates around the world. Mr. Armstrong has also served as Vice President, International, of The Allen Group, a NYSE-listed manufacturer of capital equipment, automotive parts, and consumer products. Mr. Armstrong holds engineering degrees from Princeton University and Cornell University, and an MBA from Harvard Business School.

Disciplinary History

There are no legal or disciplinary events to disclose with respect to Mr. Armstrong.

Other Business Activities

Mr. Armstrong currently a director of SCM Private Equity Fund II ("SCM"), which is not affiliated with Cartesian.

Additional Compensation

Mr. Armstrong receives compensation with respect to his role at SCM.

Supervision

As a Principal of Cartesian, Mr. Armstrong is responsible for implementing and overseeing the investment strategy of the clients of Cartesian. Mr. Armstrong is not subject to the supervision of any other individual other than Peter M. Yu, Geoffrey L. Hamlin, William W. Jarosz and Paul G. Pizzani.

Geoffrey L. Hamlin

Educational Background and Business Experience

Geoffrey L. Hamlin, born 1960, is a Principal of Cartesian. Prior to the formation of Cartesian, Mr. Hamlin served as a private equity fund manager with Mr. Yu at AIGCP, leading numerous investments in several regions. Prior to AIGCP, Mr. Hamlin was a strategic advisor to Wasserstein Perella Emerging Markets with regard to private equity investments. From 1994 to 1998, Mr. Hamlin served as Associate General Counsel of COMSAT Corporation, an international communications company, and as Chief Counsel of COMSAT International Ventures, which developed, acquired, and managed communications properties in developing markets. From 1989 to 1994, Mr. Hamlin practiced law at Cleary, Gottlieb, Steen & Hamilton, where he focused on international transactions and joint ventures. Mr. Hamlin received a BA from Tufts University and a JD from the University of Texas School of Law.

Disciplinary History

There are no legal or disciplinary events to disclose with respect to Mr. Hamlin.

Other Business Activities

Mr. Hamlin is a principal of PH Capital, Inc. (“**PH**”), the sub-advisor of AIG Global Sports and Entertainment Fund, L.P., which is not affiliated with Cartesian.

Additional Compensation

Mr. Hamlin receives a performance fee with respect to his role at PH.

Supervision

As a Principal of Cartesian, Mr. Hamlin is responsible for implementing and overseeing the investment strategy of the clients of Cartesian. Mr. Hamlin is not subject to the supervision of any other individual other than Peter M. Yu, Thomas R. Armstrong, William W. Jarosz and Paul G. Pizzani.

William W. Jarosz

Educational Background and Business Experience

William W. Jarosz, born 1956, is a Principal of Cartesian. Prior to the formation of Cartesian, Mr. Jarosz served as Managing Director and General Counsel of AIGCP. Prior to joining AIGCP in 1997, Mr. Jarosz practiced law at Debevoise & Plimpton, specializing in international private equity investment and Russian corporate and securities laws. While at Debevoise & Plimpton, Mr. Jarosz advised a number of clients active in both direct and secondary investments. Mr. Jarosz also served as a consultant to the World Bank on the regulation of foreign direct investment in emerging markets. Mr. Jarosz is a graduate of the University of Montana, and received an MA in Law and Diplomacy from the Fletcher School at Tufts University and a JD from Harvard Law School.

Disciplinary History

There are no legal or disciplinary events to disclose with respect to Mr. Jarosz.

Other Business Activities

Mr. Jarosz is not engaged in any investment related business outside of his roles with Cartesian and its affiliated investment advisers.

Additional Compensation

Mr. Jarosz does not receive any additional compensation that is required to be disclosed.

Supervision

As a Principal of Cartesian, Mr. Jarosz is responsible for implementing and overseeing the investment strategy of the clients of Cartesian. Mr. Jarosz is not subject to the supervision of any other individual other than Peter M. Yu, Thomas R. Armstrong, Geoffrey L. Hamlin and Paul G. Pizzani.

Paul G. Pizzani

Educational Background and Business Experience

Paul G. Pizzani, born 1960, is a Principal of Cartesian. Prior to the formation of Cartesian, Mr. Pizzani served as a private equity fund manager for AIGCP with Mr. Yu, leading numerous investments in several regions. Prior to that position, Mr. Pizzani was a Managing Director of Wasserstein Perella Emerging Markets and focused on private equity investments. From 1985 to 1997, Mr. Pizzani worked at COMSAT Corporation, where he served as Treasurer prior to joining Wasserstein. Mr. Pizzani was instrumental in the establishment of COMSAT International, where he directed the investment of more than \$300 million in fifteen opportunities in Latin America, Europe, and Asia. Mr. Pizzani received a BS from Villanova University and an MBA from the Wharton School of the University of Pennsylvania. Mr. Pizzani is a Chartered Financial Analyst, a Certified Public Accountant, and a Certified Management Accountant.

Disciplinary History

There are no legal or disciplinary events to disclose with respect to Mr. Pizzani.

Other Business Activities

Mr. Pizzani is a principal of PH and a director of McGinn Investment Management, Inc., neither of which is affiliated with Cartesian.

Additional Compensation

Mr. Pizzani receives a performance fee with respect to his role at PH.

Supervision

As a Principal of Cartesian, Mr. Pizzani is responsible for implementing and overseeing the investment strategy of the clients of Cartesian. Mr. Pizzani is not subject to the supervision of any other individual other than Peter M. Yu, Thomas R. Armstrong, Geoffrey L. Hamlin and William W. Jarosz.