



STENHAM

Firm Brochure (Part 2A of Form ADV)

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This Brochure provides information about the qualifications and business practices of Stenham Asset Management Inc. ("**SAM**").

If you have any question about the contents of this Brochure, please contact the Compliance Department at (+) 44 207 079 6691 www.stenhamassetmanagement.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about SAM is also available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 - Material Changes

This disclosure document ("**Brochure**") dated June 26, 2019 is the eighth one published by SAM and is prepared according to the United States Securities and Exchange Commission requirement and rules.

The following changes have been made since the publication of SAM's last brochure on June 27, 2018:-

- Item 4 (Advisory Business)
 - The total regulatory assets of SAM's parent Group, Peregrine Holdings Limited has changed from US \$8.7 billion as at March 31, 2018 to US \$8.4 billion as at March 31, 2019.
 - SAM is managing approximately US \$1,700 million on a discretionary basis and approximately US \$6 million on a non-discretionary basis as at April 30, 2019, a change from approximately US \$1,965 million managed on a discretionary basis and US \$7 million on a non-discretionary basis as at April 30, 2018.
- SAM has disposed of its shares in Stenham Wealth Management (C.I.) Ltd ("**SWM**") as at 29 March 2019. Stenham Ltd was incorporated in Israel on 6 March 2019. We are in the process of applying for regulatory approval from the Israel Securities Authority.

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Important Note About This Brochure

This Brochure is not:

- an offer or agreement to provide advisory services to any person,
- an offer to sell interests or a solicitation of an offer to purchase interests in any investment product or vehicle advised by SAM,
- a complete discussion of the features, risks or conflicts associated with any account advised by SAM, or
- to be relied on exclusively in determining whether to invest in a Stenham Fund (as defined below) (interests in which are offered pursuant to an Offering Memorandum and other related offering materials), or establish an advisory relationship with SAM.

As required by the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”), SAM provides this Brochure to current and prospective clients, and it may also, at its discretion, provide this Brochure to current or prospective investors (each an “**Investor**”) in a commingled fund sponsored by the Stenham Asset Management Group (each, a “**Stenham Fund**” or, sometimes, a “**Fund**”), together with other relevant offering materials, prior to, or in connection with, such persons establishment or consideration of a client relationship or an investment in a Stenham Fund. The Stenham Funds are each deemed to be a client of SAM for purposes of the Advisers Act, but notwithstanding the fact that this Brochure may be provided to an Investor for informational purposes, no individual or entity that invests in a Stenham Fund is deemed to be a client of SAM under the Advisers Act in such capacity. References in this Brochure to the term “**Client**” shall be deemed to mean only the Stenham Funds themselves and those persons who or which establish a Stenham Managed Portfolio (as hereinafter defined) with SAM, and does not include Investors.

Persons who receive this Brochure (whether or not from SAM) should be aware that it is designed solely to provide information about SAM as necessary to respond to certain disclosure obligations under the Advisers Act. As such, the information in this Brochure may not be complete and may differ from (but should not conflict with) information provided in the materials that govern an account or Investor relationship, such as a private placement or offering memorandum or an investment management agreement (together, “**Offering Materials**”).

More complete information about each Stenham Fund, as well as SAM’s investment management services in general, is included in relevant Offering Materials, certain of which may be provided to current and eligible prospective Clients or Investors only by SAM or another designated party. To the extent that there is any conflict between discussions herein and similar or related discussions in any Offering Materials, the relevant Offering Materials shall govern and control.

In no event should this Brochure be considered to be an offer of interests in a Stenham Fund or relied upon in determining to invest therein. It is also not an offer of, or agreement to provide, advisory services directly to any recipient. In each case offers are made in the relevant Offering Materials.

Item 4 – Advisory Business

SAM is a member of the Stenham Asset Management Group. The Stenham Asset Management Group includes the following four subsidiaries, which are wholly owned by Stenham Asset Management Holdings Limited, unless otherwise indicated:

1. **Stenham Asset Management Inc. (“SAM”)**, which was incorporated on January 10, 1992 in the British Virgin Islands, operates out of Guernsey, Channel Islands, and is regulated by both the Guernsey Financial Services Commission and the British Virgin Islands Financial Services Commission. SAM, acting through its independent Investment Committee (“IC”), is the investment adviser to the Stenham Funds and the bespoke (customised) segregated accounts.

SAM’s Investment Committee Members are:

Michael Fienberg, Non-Executive Director of SAM and Chairman of the Investment Committee 45 Years Investment Experience, 24 Years with Stenham

Michael, born 1947, is a Non-Executive Director of Stenham Limited, its main operating subsidiaries and its investment funds, including the Stenham Funds. He is also Chairman of the Stenham Asset Management Investment Committee, chairs the Stenham Group’s Audit and Risk Committees and provides independent oversight of the Operational Due Diligence process. In addition, he is a member of the Group Remuneration Committee. Michael joined Stenham in 1994 as Managing Director of Stenham Asset Management and was the Group Managing Director from 2000 until 2010. Prior to joining Stenham, he initially worked in the life assurance industry as an actuary and later in the field of business finance and trading, both in South Africa and in the UK after moving to the UK in 1988. He obtained his BA (Hons) in Mathematics, Statistics, Economics and Econometrics from the University of Natal in South Africa. He qualified as a Fellow of the Institute of Actuaries, London, holds the Investment Management Certificate, which is awarded by the CFA Society of the United Kingdom upon successful completion of the examination program.

Russel Michel, Chairman of Stenham Asset Management, Guernsey and member of the Investment Committee

27 years investment experience, 22 years with Stenham

Russel, born 1961, is Chairman of Stenham Asset Management, a member of the Investment Committee and a Director of the Stenham Funds. For 10 years, he was Managing Director in Guernsey. He has developed back office capability including systems and reporting to support the growth in assets under management from \$70m, and enhanced service levels to meet the requirements of the institutional client base. Prior to joining Stenham, he was a Director of Lazards Fund Management's operations in Guernsey. Russel qualified as a Chartered Accountant with Reads & Company, Guernsey.

Catherine Griggs, Managing Director, Stenham Asset Management, Guernsey and member of the Investment Committee

30 years investment experience, 18 years with Stenham/Montier

Catherine, born 1965, is Managing Director of Stenham Asset Management Inc and Stenham Management Services (C.I.) Limited and is a Director of the Stenham Funds. She held the position of Partner and Chief Financial Officer at Montier Partners LLP from 2000 until the Montier business was acquired by Stenham in 2010. Upon joining Stenham, she was Finance and Client Services Manager, and in 2013 was promoted to her current role of Managing Director. Prior to joining Montier, she worked in the hedge fund industry as Group Financial Controller and later in compliance and general management at the Gaiacorp Group. Catherine is a Chartered Certified Accountant (FCCA) and obtained a degree in Accounting and Finance (BA Hons) from the University of the West of England.

Simon Bourge, Non-Executive Director of the Stenham Funds and member of the Investment Committee

21 years investment experience, 14 years with Stenham/Montier

Simon, born 1961, is a member of the Investment Committee and a non-executive director of the Stenham Funds. He is also Managing Director of Bourse Trust Company specialising in company tax structuring. After being called to the Bar in 1984 he established a series of successful professional services businesses as well as developing a significant company law practice before moving to Guernsey in 1998 to establish Bourse Trust Company. Simon has over twenty years' experience in company law and administration and is a non-executive director of several significant international trading and financial concerns.

Further information on the Investment Committee:

Disciplinary Information

No member of the Investment Committee has any disciplinary history to report.

Other Business Activities

Other than Mr. Bourge who has interests in a Fiduciary business outside the Stenham Group, none of the Investment Committee members have any business interests outside the Stenham Group for which they receive compensation and which constitute 10% or more of their time and compensation.

Additional Compensation

No additional compensation is provided to any member of the Investment Committee.

Supervision

No investment decision is approved without full support and approval of all members of the Investment Committee, in accordance with the Investment Committee's Charter.

2. **Stenham Management Services (C.I.) Limited (“SMSCI”)**, which was registered as an investment manager in Guernsey on November 21, 2005, is regulated by the Guernsey Financial Services Commission. SMSCI, as Manager of the Stenham Funds, outsources the investment advisory function to SAM, which is the entity that makes the investment decisions for the Funds, which are then executed by SMSCI.
3. **Stenham Advisors Plc (“SAP”)**, which was incorporated in the United Kingdom on May 27, 1993, is authorised and regulated by the U.K. Financial Conduct Authority. SAP provides investment research to SAM and is a distributor and a non-exclusive sales agent of the Stenham Funds in the U.K. and other non-U.S. jurisdictions. SAP has its own Investment Advisory Committee (“IAC”), supported by an extensive research and operational due diligence team, but it does not provide investment advice directly to any Stenham Fund or other Client account.
4. **Stenham Ltd**, which was incorporated in Israel on 6 March 2019. We are in the process of applying for regulatory approval from the Israel Securities Authority. Stenham Limited was formed to service a number of clients in Israel and to market Stenham Products in the region.

SAM is a wholly owned subsidiary of Stenham Asset Management Holdings Limited, a British Virgin Islands (“BVI”) corporation (“**SAM Holdings**”). SAM Holdings, in turn, is a wholly owned subsidiary of Stenham Group Limited, a BVI corporation, which is wholly-owned by Stenham Limited, also a BVI corporation. Stenham Limited, an international financial services group providing a range of alternative asset management solutions, is wholly-owned by Peregrine Financial Services Holdings Limited, a Republic of South Africa corporation, which is wholly-owned by Peregrine Holdings Limited (“**Peregrine**”), a Republic of South Africa corporation whose shares are listed on the Johannesburg Securities Exchange. Peregrine is a leading provider of wealth and alternative asset management solutions in South Africa and Europe, with assets under management of approximately US \$8.4 billion (as at March 31, 2019). .

SAM provides investment management services to high net worth individuals, family offices, private banks, trust companies, institutions and pension funds, as well as to the Stenham Funds. The investment management services are provided to Clients located in the UK, Europe, Channel Islands, the Caribbean, South Africa, Latin America, the Middle East, Mauritius and Japan, and SAM is expanding its services into the United States. As at April 30, 2019 SAM managed approximately US \$1,700 million on a discretionary basis and approximately US \$6 million on a non-discretionary basis.

Overview of Investment Management Services

SAM manages Client assets by investing such assets in hedge funds (“**Underlying Funds**”) managed by third party managers (“**Portfolio Managers**”) that employ various strategies and which can invest or trade in a wide variety of securities and other instruments, including, but not limited to, equities

and fixed income securities, currencies, commodities, futures contracts, options and other derivative instruments.

SAM provides its investment management services through a number of Stenham Funds which invest in such Underlying Funds or through the management of bespoke (i.e., customised) segregated accounts for individual Clients. The Underlying Funds utilised include privately-offered, publicly-traded and registered mutual funds managed by these Portfolio Managers

Stenham Funds: The Stenham Funds are offshore domiciled funds established in either the British Virgin Islands as mutual funds, in Guernsey as protected cell investment companies. Each Stenham Fund is established for investment by multiple investors and invests on a strategic basis in a variety of Underlying Funds. The SAM Investment Committee establishes the guidelines for the Stenham Funds, and utilising research input from SAP, SAM makes the investment decisions. Investment guidelines for each Stenham Fund are described in the Offering Materials of each Fund.

Stenham Managed Portfolios Services: SAM offers Clients the flexibility of investing directly in Underlying Funds or Stenham Funds through bespoke managed accounts (each, a “**Stenham Managed Portfolio**” or, sometimes, a “**Portfolio**”). In addition, institutional Clients may invest in their own single investor Fund structure. SAM’s portfolio management team works with each Client to establish a portfolio mandate which may be on a discretionary, non-discretionary or advisory only basis. In this manner, Stenham Managed Portfolios can be tailored to the individual needs of Clients.

Investment Approach

SAM’s investment philosophy is to deliver consistent capital growth by implementing a strategy of diversification to control the level of risk in a Client’s portfolio, through investing in “absolute return” investment strategies.

Key features of SAM’s investment process are as follow:

- **Strategy Allocation**

Strategy allocation is a significant part of SAM’s investment process. SAM selects individual hedge strategies according to its assessment of the risks driving returns in the context of its forward-looking view of the global macro environment and its outlook for different hedge fund strategies. The most important input to formulating its macro view is its detailed evaluation of, and constant communication with, hedge fund managers.

- **Manager Selection**

A rigorous due diligence process conducted by SAM’s affiliate, SAP, including qualitative, quantitative and operational research, is undertaken. This research seeks out the best hedge

fund managers globally who, SAM believes, can consistently deliver alpha without taking excessive risks.

- **Portfolio Construction.**

Using quantitative models with a qualitative overlay, SAM builds robust portfolios ensuring geographical diversification across uncorrelated hedge strategies and Portfolio Managers.

- **Risk Management**

On an on-going basis, SAM manages Client risk through careful monitoring of Client portfolios.

Item 5 – Fees and Compensation

Management fees charged by SAM to Stenham Funds and Stenham Managed Portfolios are typically based on a percentage of the net asset value of the particular Fund or Managed Portfolio at the close of business on the date the fee accrues or as otherwise stipulated in the Stenham Fund's Offering Materials or the investment management agreement ("**Management Agreement**") entered into with each Stenham Managed Portfolio Client. Such fees are accrued and paid monthly or quarterly in arrears as specified in the particular Offering Materials or Management Agreement. Accounts established or terminated during the relevant monthly or quarterly period will be charged a pro-rated fee based on the period the account was managed.

In addition to the management fees described above, Stenham Funds and Stenham Managed Portfolios may pay a performance-based fee based on the performance of their investment. Performance-based fees are typically computed with respect to realised and unrealised profits, and are based on the increase in the net asset value ("**NAV**") of a Fund share or a Portfolio over the previous highest NAV per share or Portfolio (the "**high water mark**") in a period, but only after any applicable loss carry forward has been recouped and, in some cases, after a hurdle is exceeded. Performance-based fees accrue on a monthly basis and are paid in respect of each calendar year.

In cases where a Stenham Fund invests in other Stenham Funds, or where a Stenham Managed Portfolio invests in one or more Stenham Funds, there is no double charging. In these instances, fees are levied only once at the Fund in which the assets are invested, and no fee is charged at the level of the investing Fund or the Stenham Managed Portfolio.

Stenham Funds

As noted above, details of each Stenham Fund's management fees are set out in the Offering Materials for the relevant Fund. Management fees paid to SAM by each Stenham Fund generally ranges from 0.75% to 2% per annum. SAM may reduce or rebate management fees to certain Investors by separate agreement with them. These arrangements may be based upon guaranteed minimum investment levels maintained in a Fund, periods of holding of an interest in a Fund, or other factors and considerations determined at SAM's discretion and negotiated with the particular Investor.

Management fees are calculated by the particular Fund's administrator and paid to SAM monthly or quarterly in arrears.

Investors in certain Stenham Funds may also bear performance-based fees which can be charged either by reference to the class or series of shares in which the investor is invested; or at the master fund level. Performance fees charged to the Stenham Funds generally range between 5% and 10%

depending upon the structure of the particular Fund. These fee arrangements are described in more detail in the relevant Offering Materials for the Stenham Funds.

Stenham Managed Portfolios

Fees paid by Stenham Managed Portfolio Clients are negotiable on an individual basis, and depend on the type of Client mandate, services provided, size of account and other factors as may be negotiated and agreed with the particular Client. Management fees generally range between 1% and 1.5% per annum, are payable in arrears, and are deducted directly from each Client's account on a quarterly basis. Performance fees for Stenham Managed Portfolios generally range between 5% and 10%, and are based upon a wide variety of factors, including the type of client mandate, services provided, size of account and other factors as may be negotiated and agreed with the Client. Clients may elect to either pay a performance fee with a lower management fee or a management fee only.

Additional Expenses

In addition to the management and performance-based fees described above, Investors in Stenham Funds and Stenham Managed Portfolio Clients may incur, directly and indirectly, certain additional expenses as described below:

Stenham Funds

Investors in Stenham Funds may be charged commissions in connection with their subscription in a Stenham Fund, as well as bear the on-going operating costs of the Stenham Fund and, indirectly, costs associated with the investment in an Underlying Fund. Fees charged to a specific Stenham Fund are disclosed in its Offering Materials. The following are some of the types of direct or indirect fees or expenses that may apply:

1. Selling commissions – front end charges may be paid to distributors who introduce an Investor to a Stenham Fund;
2. Redemption fees associated with a Fund redeeming investments from an Underlying Fund;
3. Operational expenses of the Stenham Funds, which include administrative fees, custodial fees, legal, accounting, audit, regulatory and reporting expenses;
4. Cost of credit facilities utilised for short-term cash-flow purposes (e.g., redemptions at the Stenham Fund level while awaiting the Fund's redemption from an Underlying Fund);
5. Management and performance fees paid to Portfolio Managers;
6. Other on-going operational expenses of Underlying Funds.

Stenham Managed Portfolios

These accounts will also bear certain direct and indirect fees and expenses which may include some or all of the following:

1. Administration, custody, legal and filing fees and such other operating expenses as may be disclosed in the Management Agreement entered into with the Client;
2. Management and performance fees paid to the Portfolio Manager of the Underlying Funds; and
3. Other on-going expenses of the Underlying Funds.

Item 6 – Performance-Based Fees and Side-By-Side Management

As discussed in Item 5 above, both the Stenham Funds and Stenham Managed Portfolios may pay performance-based fees, although some Stenham Funds and some Stenham Managed Portfolios may not pay such fees and may only pay an asset-based management fee. Performance-based fee arrangements may create an incentive for an investment adviser to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement since the investment adviser will share in new profits but has no obligation to share in or restore any losses. Such fee arrangements may also create an incentive to favor higher fee paying accounts over other accounts in the allocation of limited investment opportunities. Since SAM manages accounts that pay performance-based fees and also manages accounts that pay only asset-based fees, SAM may have a conflict of interest in that it may have an incentive to favor the Funds or Portfolios that pay a performance-based fee in the allocation of any investment opportunities because it may receive a greater performance-based fee from such accounts. However, SAM's policies require that all investments with limited availability be allocated among all accounts that are managed pursuant to the same strategy, so that they will all participate in each such investment opportunity on a *pro rata* or other fair and equitable basis. This policy thereby prevents this conflict from influencing the allocation of investment opportunities among Clients having differing fee arrangements. Refer to **Item 12 – Brokerage Practices** for a further discussion of the manner in which this allocation policy is monitored.

Item 7 – Types of Clients

Clients of SAM in Stenham Managed Portfolios and Investors in Stenham Funds include:

High net worth individuals

Family offices

Pension Funds

Trusts

Institutions

Private Banks

The minimum subscriptions for the Stenham Funds vary according to the Fund type and jurisdiction, and are set out in each Fund's Offering Materials. A minimum account size of \$5 million is normally required for a Stenham Managed Portfolio, although in certain circumstances, and subject to negotiation with the prospective Client, a smaller account size may be accepted.

All Clients and Investors are subject to applicable suitability requirements.

Item 8 - Method of analysis, Investment Strategies and Risk of Loss

SAM's investment process has evolved over the last 20 years to be as much about managing risk as delivering returns. The process is a qualitative driven approach with significant input from operational and quantitative research, which ensures that there is a robust challenge to the qualitative view. Investment decisions are made using both a top-down macroeconomic view, and bottom-up analysis. SAM evaluates and makes the final determination with respect to the research produced by SAP's analysts, who identify, research, assess and monitor the Portfolio Managers with whom the assets of the Stenham Funds or Stenham Managed Portfolio Clients will be invested. SAP uses a combination of qualitative and quantitative factors to evaluate a Portfolio Manager's ability to generate returns, among which are:

- office visits to meet the investment team,
- reputation of the principals of the Portfolio Managers (reference checks),
- offering documentation and financial statements review,
- investment philosophies and analysis of investment process,
- risk management techniques,
- performance track record including historical distribution of returns and analysis of drawdowns and relevant risk ratio and metrics,
- operational factors.

In making a determination to invest a Client's assets with any particular Portfolio Manager, SAM tends to focus on strategies that have depth and liquidity, including, but not limited to, the following:

- Equity Long/Short
- Equity Market Neutral
- Global Macro
- Event Driven
- Relative Value
- Long Volatility
- Commodities

SAM does not allocate assets to strategies where leverage is inherent in the strategy, or where there are or may be liquidity issues.

SAM maintains a forward-looking 12-month rolling strategy allocation which reflects its assessment of the global macro environment and the outlook for different strategies. SAM does not use a model approach; the main drivers of its investment selection process being a forward-looking qualitative view of macroeconomic themes and market trends supported by detailed quantitative inputs. SAM looks at the "big picture" to gain a deep understanding of:

- Where risks and imbalances are building up globally, currently and looking forward;
- How this changing environment will impact a particular strategy; and
- With this macro view, what risks will drive the returns of a particular strategy.

SAM's forward-looking macro view is primarily developed from information obtained from numerous meetings with Portfolio Managers and analysis of their reports on their allocations. Discussions on the macro view are backed up by information obtained from attending many hedge fund and general industry conferences, regular meetings with prime brokers and other industry specialists, economic data from many sources, and regular input from our extensive contacts in the industry as well as from the wider Peregrine/Stenham Group.

SAM's overriding investment philosophy is to control downside risk. Accordingly, it prefers transparent strategies with low volatility that trade liquid assets, limits the use of leverage, and has predictable return patterns combined with asymmetric risk characteristics.

Set forth below is an overview of the primary risks associated with fund of funds investing, each of which is more fully discussed in Exhibit A attached hereto. However, it is not possible to identify all of the risks associated with investing. The particular risks applicable to a Fund or Stenham Managed Portfolio will depend on the nature of the account, its investment strategies and the types of investments held. For additional discussion about risks relating to a particular investment, Clients should consult the relevant Offering Materials.

Client Risks

The following is a non-exhaustive list of the more common risks that Investors or Stenham Managed Portfolio Clients should consider in connection with an investment program of the kind described herein:

- Lack of regulation of Underlying Funds and their Portfolio Managers
- Lack of transparency of information regarding Underlying Funds
- Liquidity
- Multiple levels of fees and expenses
- Multi-manager investing
- Valuation

Additionally, while assets will be invested in Underlying Funds which are structured to limit risk of loss, the following are some of the more common risks which may arise in connection with the activities of the Portfolio Managers:

- Illiquidity or lack of transferability of underlying investments

- Counterparty risk
- Illiquidity of markets
- Increased volatility of returns
- Periods of investment concentration
- Foreign currency exposure
- Default risk
- Fraud or misconduct
- Institutional and custodial risk
- Broker or dealer insolvency
- Reliance on key personnel
- Limitation on shareholder redemptions
- Valuation risk
- Business and regulatory risk

While SAM seeks to manage the Stenham Funds and Stenham Managed Portfolios so that risks are appropriate to the strategy, it is often not possible or desirable to fully mitigate risks. Any investment includes the risk of loss, and there can be no guarantee or representation that SAM's or any Portfolio Manager's investment program will be successful. Investors and Clients should understand that they could lose some or all of their investment and should be prepared to bear the risk of such potential losses.

Item 9 – Disciplinary Information

In this section of this Brochure, SAM is required to disclose all material facts regarding any legal or disciplinary events that would be material to a Client's or prospective Client's evaluation of SAM or the integrity of SAM's management.

SAM has no information to disclose in response to this item

Item 10 – Other Financial Industry Activities and Affiliations

Neither SAM nor any of its management persons is registered as a broker-dealer or as an associated person of any broker-dealer, and they do not have an application pending to register with the SEC as a broker-dealer.

Refer to **Item 11 – Code of Ethics** for a further discussion on potential conflicts of interest.

Item 11 – Code of Ethics

SAM has adopted a Code of Ethics that describes its standards of business conduct and responsibilities to its Clients. The Code of Ethics also explains certain potential conflicts of interest which may exist in the context of SAM providing services to its Clients. The Code of Ethics is designed to ensure that SAM meets its obligations to Clients and to instill a culture of compliance within SAM.

The Code of Ethics operates in conjunction with policies and procedures covering the following areas:

- Conflicts of Interest;
- Confidentiality;
- Marketing and Financial Promotions;
- Employee Personal Account Dealing;
- Duty to Clients/Treating customers fairly
- Gifts and Entertainment/Anti-bribery and corruption; and
- Whistleblowing

When this Code of Ethics conflicts with any SAM policy or procedure, the more restrictive provision shall apply.

The Code of Ethics is distributed to each employee at the time of hire and annually thereafter, and is available on SAM's intranet. SAM also supplements the Code of Ethics with ongoing monitoring of employee activity.

All employees are required to acknowledge annually that they are in compliance with the Code of Ethics.

A copy of SAM's Code of Ethics is available to any Client or prospective Client upon request by contacting SAM's Group Compliance Officer at the phone number or address on the cover page of this Brochure.

Item 12 – Brokerage Practices

SAM does not typically use brokers to transact for Stenham Funds or Stenham Managed Portfolios as the investments made for such accounts are generally in open-ended investment funds engaged in a continuous offering, or in privately-offered pooled investment vehicles. However, SAM may on occasion trade in interests in:

- Underlying Funds on the secondary market;
- Exchange Traded Funds (“ETFs”);
- Specific individual U.S. or foreign securities; and
- Currency forward transactions.

Additionally, on occasion, Stenham Funds or Stenham Managed Portfolio Clients may receive security positions from a Portfolio Manager as part of a distribution or liquidation of an Underlying Fund. SAM generally executes transactions in these securities through broker-dealers who, consistent with SAM’s duty to seek best execution, are selected based upon their reputation, quality of service, ability to liquidate the particular security and ability to obtain interests in closed funds desired by SAM. When selecting a broker or dealer, SAM will take into account factors such as execution capabilities, commission rates, responsiveness and financial responsibility. In applying these factors, SAM recognises that different broker-dealers may have different execution capabilities with respect to different types of securities and transactions, and that no broker-dealer will likely be judged the best at every relevant factor as a general matter or with respect to any particular transaction.

Soft Dollars

SAM’s current policy is not to use commissions generated by trading for Client accounts to pay for third party research services.

Brokerage for Client Referrals

SAM does not engage in Client brokerage transactions with any broker-dealers in exchange for client referrals.

Trade Allocation and Aggregation Practices

SAM maintains detailed policies and procedures relating to allocations among Clients. SAM will seek to allocate transactions and opportunities among its various accounts in a manner it believes to be as equitable as possible over time, considering each account’s objectives, programs, limitations and capital available for investment. Such allocations are monitored on a monthly basis by the portfolio manager of the Stenham Managed Portfolios with assistance from other members of the Stenham Asset Management Group.

Cross Transactions/Principal Trades

Occasionally, where appropriate and in the best interest of both clients, SAM may effect cross transactions between Client accounts. These transactions are effected at the net asset value determined by the third party administrator for the issuer (the Underlying Fund) as of the date of the transaction. SAM earns no compensation as a result of such trades. This might occur, for example, when the rebalancing of a Client's Portfolio requires the sale of part of an investment with a particular Portfolio Manager, while a new Client's Portfolio had not been invested with that Portfolio Manager because of that Manager's capacity limitations.

From time to time, a SAM affiliate may seed a new Stenham Fund for a period of time and, as a result, that entity would own a controlling interest in that Fund. Any cross transaction involving such a Fund would require the prior approval from the Clients involved in the cross transaction, including, if a Stenham Fund, an independent director of that Fund.

Item 13 – Review of Accounts

SAM's Investment Committee establishes the appropriate strategy allocation that is to be followed in Client accounts and, utilising input from its affiliated entities, each Stenham Fund and Stenham Managed Portfolio is reviewed monthly for factors such as asset allocation, cash management, industry and market outlook, global net exposure, and concentration of investments. In addition, SAP's Investment Advisory Committee and other personnel review, at least monthly, the allocations to each strategy within each Client account and as a whole, to verify that the strategy allocation for all Clients is in line with the guidelines determined by SAM's Investment Committee's top-down strategic vision.

Stenham Fund Reporting

The following reports are typically made available to Investors in Stenham Funds:

- Net Asset Value ("NAV") reports – Stenham Funds' NAVs are calculated monthly by each Fund's administrator in conjunction with Stenham Funds' offering dates. Final NAVs are circulated by SMSCI, as the Manager of each of the Funds, after completion by the relevant administrator;
- Monthly Risk Reports – These updates generally contain portfolio statistics, assets by strategy allocation, the largest five Portfolio Managers' names and respective allocations, performance by strategy, up/down charts and investment commentary. The update reports are available shortly after the final NAV is struck;
- At each month-end, a monthly statement issued by the Fund's administrator showing NAVs and number of shares held by each Investor;
- Mid-month estimates of the Stenham Fund's performance and NAV's ; and
- Stenham Funds' audited annual financial statements.

SAM also makes available to Stenham Fund distributors and Investors certain information on an interactive, password protected portion of its website (www.stenhamassetmanagement.com). This information generally includes: Stenham Funds' monthly NAVs (described above), monthly Fund updates (described above), offering documents, corporate updates, news etc.

Stenham Managed Portfolio Services

Stenham Managed Portfolio Clients receive monthly reports as may be agreed between SAM and the Client at the inception of their investment management relationship.

Reporting can include the following:

- Market commentary;
- Portfolio overview and holdings summary;
- Portfolio performance and performance of Underlying Funds;
- Risk analysis;

- Liquidity analysis;
- Portfolio constraints compliance; and
- Comparison to benchmarks.

Item 14 – Client Referrals and Other Compensation

Neither SAM nor its employees receive any economic benefits, such as sales awards or other incentives, from third parties in relation to services provided to Client accounts.

SAM has in place agreements with certain banks/financial intermediaries for the distribution of Stenham Funds domiciled outside the U.S. to clients (predominantly non-U.S.) of such banks/financial intermediaries. This forms part of the Stenham Group's global fund distribution network of many distributors worldwide. Any compensation paid by Stenham to these financial intermediaries is paid by SAM out of the investment management fee it receives from the Stenham Funds. Certain Stenham Funds are part of "platform" arrangements with platform sponsors to whom SAM pays certain fees and/or expenses reimbursements.

The business development team target major U.S. institutional investors and U.S. institutional investors. The business development team may receive a discretionary bonus.

In no event does any Client or Investor pay any higher fee as a result of SAM's payment of a referral fee as described above.

Item 15 – Custody

Rule 206(4)-2 under the Advisers Act (the “**Custody Rule**”) defines “custody” as an actual holding of Client securities or assets or having any authority to obtain possession of them.

SAM does not hold assets of the Stenham Funds and will not hold any assets for any U.S. Stenham Managed Portfolio Clients. In all such cases, cash and securities are held by a qualified custodian appointed by each Stenham Fund or Stenham Managed Portfolio Client pursuant to a separate custody agreement. However, SAM may be deemed to have custody of Client assets as described below.

In all circumstances, Clients should carefully compare any account statements they receive from SAM with statements received from the custodian for their accounts.

Stenham Funds

SAM and/or its affiliates may be deemed to have custody of assets of the Stenham Funds, as the following may apply:

- Employees of SAM or an affiliate serve on the Board of Directors of these Funds.

SAM provides Investors with audited financial statements of the Stenham Fund within 180 days of the Fund’s fiscal year end.

Stenham Managed Portfolio Clients

SAM and/or its affiliates may be deemed to have custody of some or all the assets of a Stenham Managed Portfolio, as one or more of the following may apply:

- Employees of SAM or an affiliate serve on the Board of Directors for Client portfolios organised as corporate entities; or
- SAM has the right to deduct its fees from Client accounts.

SAM complies with the Custody Rule by maintaining such accounts with qualified custodians as provided in the Custody Rule, which custodians provide statements directly to the Clients at least quarterly.

Item 16 – Investment Discretion

SAM's investment management services are provided on a discretionary basis pursuant to the terms of a Management Agreement entered into between SAM and the Client. These agreements authorise SAM to supervise and direct investment and reinvestment of assets in the Client's account, and generally stipulate any limitations or constraints on SAM's discretionary authority.

SAM has discretionary authority over the investments made by the Stenham Funds, and generally exercises discretion over Stenham Managed Portfolio accounts as well. Under certain circumstances, however, SAM may only provide non-discretionary or advisory services to a Stenham Managed Portfolio Client. In exercising discretion, SAM will at all times observe the investment policies, limitations and restrictions that may be imposed by the Client.

Item 17 – Voting Client Securities

SAM has adopted a policy governing the voting of proxies that is designed to ensure that SAM will vote proxy proposals, amendments, consents or resolutions (collectively “**Proxies**”) relating to Underlying Funds in the best interest of Clients and in accordance with its fiduciary duties.

SAM has the authority to instruct the custodian to vote Proxies for all Stenham Funds. Stenham Managed Portfolio Clients may authorise SAM to vote Proxies. However, if a Client is a plan subject to the provisions of ERISA, SAM will vote Proxies for such Client’s account unless the plan fiduciary reserves the right to vote Proxies to itself.

Where SAM has the authority to vote Proxies relating to investments with Portfolio Managers, the general policy is to vote these Proxies in a manner that serves the best interest of the Client as determined by SAM in its discretion.

SAM casts most of its Proxy votes, particularly on routine proposals, in accordance with management’s recommendations. Routine proposals are generally those that do not change the structure, governing rules or operations of the corporation to the detriment of the Clients. Traditionally, these issues include, among others, approval of auditors, a change in company name and routine Board of Director elections.

Non-routine proposals are more likely to affect the structure and operations of the corporations, and therefore may have a greater impact on a Client’s investment. As such, SAM reviews each Proxy issue in this category on a case-by-case basis. Non-routine proposals include, among others, director nominations in contested elections and changes in redemption terms.

In routine matters, SAM votes Proxies in accordance with established guidelines discussed above, and the opportunity for conflict generally does not arise. In non-routine proposals or in any instance where SAM believes there may be an actual or perceived material conflict of interest, SAM will disclose the potential material conflict of interest to the relevant Client and obtain their consent or direction, as appropriate, before voting. SAM seeks to resolve all potential material conflicts of interest in the best interest of Clients.

SAM, in its sole discretion, may abstain from voting a Proxy if it concludes, among others, that the effect on shareholders’ economic interests or the value of the portfolio holding is indeterminable or insignificant, if SAM anticipates selling a security or underlying fund in the near future, or if the cost of voting the Proxy exceeds the expected benefit.

Investors in Stenham Funds cannot direct SAM on how to vote a particular Proxy.

At any time, a Stenham Managed Portfolio Client may request a copy of SAM’s Proxy voting policy and SAM’s Proxy voting records for its account from the Compliance Department and/or may submit his or

her own Proxy voting preference on any issue that is subject to a shareholder vote to the Proxy administrator.

Item 18 – Financial Information

Registered investment advisers are required in this Item to provide certain financial information or disclosures about their financial condition which are reasonably likely to impair their ability to meet contractual commitments to Clients. SAM has no such information to disclose.

EXHIBIT A – RISKS

Below is an extract from the Offering Memorandum of a Stenham Fund, which uses a Master/Feeder Structure that is typically used by all the Stenham Funds. Since the risks referred to apply to all persons who invest directly in Stenham Funds or who have a Stenham Managed Portfolio, this excerpt is included herein to provide a general review of the risks applicable to fund of funds investing. Note that capitalised terms used in this excerpt (only some of which are defined below and which otherwise have been defined in the particular Offering Memorandum from which this excerpt was taken) may, but do not necessarily, have the same meanings as defined in the main portion of this Brochure, and no effort has been made to provide definitions of undefined capitalised terms in this Exhibit A.

There is a high risk associated with an investment in the Feeder Fund and investment should only be made after consultation with independent qualified sources of investment and tax advice. The fact that the Feeder Funds and the Fund Managers will in part implement arbitrage or hedging strategies in no respect should be taken to imply that an investment in the Feeder Fund is without risk. Among the risks involved are the following:

Operating History

Although SAM and many of the Fund Managers have successfully managed funds for periods in excess of 5 years and the Feeder Funds have been in operation since 1992, the past performance of SAM or any of the Fund Managers may not necessarily be an indication of future results of the Feeder Funds.

Shares Illiquid

The Feeder Fund Shares are freely transferable and are not subject to any transfer restrictions or compulsory redemption save where the holding of such Shares may result in regulatory, preliminary, legal, taxation or material administrative disadvantage for the Fund concerned or its shareholders as a whole, or where such transfer would result in a shareholding falling below the minimum specified holding required in the Offer Materials.

However, there is no restriction on the extent to which the Master Fund may invest in assets which are not readily realisable. Because of the limitations on withdrawals at certain times from certain of these investments and the fact that Shares are not tradable, both an investment in the Feeder Fund and the Feeder Fund's investment in the Master Fund are relatively illiquid investments and involve a high degree of risk. The liquidity of the underlying fund's underlying investments may also vary over time and these portfolio Managers may restrict redemption from the Stenham Fund's investments with them. A subscription for Shares should be considered only by investors financially able to maintain their investment and who can afford to lose all or a substantial part of such investment. Furthermore,

there is not now, and there is not likely to develop, any market for the resale of Shares. Neither the Funds, SAM, nor any of their affiliates has agreed to purchase or otherwise acquire from any shareholder any Shares or assume the responsibility for locating prospective purchasers for any Shares. In addition, the Shares have not been registered under the securities laws of any jurisdiction and the Feeder Fund has no plan, and is under no obligation, to register the Shares under any such law. Shares may not be transferred in certain jurisdictions unless registered under applicable securities laws or unless appropriate exemptions from such laws are available.

Reliance on Management

Shareholders will have no right or power to take part in the management of the Funds although shareholders have the right to vote on material issues affecting their rights as holders of Shares. Accordingly, no person should invest in the Feeder Fund unless that person is willing to entrust all aspects of the management of the Funds to the boards of the Funds, assisted by SAM.

Possible Effects of Substantial Redemptions

Substantial redemptions of Shares within a limited period of time could require the Feeder Fund to redeem Master Fund Shares, which in turn would require the Master Fund to liquidate positions more rapidly than would otherwise be desirable. Liquidation of arbitrage positions before their scheduled maturity can result in significant losses in what would otherwise have been essentially a riskless position.

Charges

The Master Fund is obligated to pay substantial fees to SAM, the Administrator, the Custodian and the Fund Managers. Both Master and Feeder Funds will in addition pay all their own operating expenses.

Investments in Other Investment Vehicles

A principal part of the Master Fund's activities will consist of accessing Fund Managers through other companies. SAM may serve as sponsor or advisor to one or more of such pooled vehicles. The Master Fund will take no part in management and have no control whatsoever over trading policies or managers. The Master Fund's investments in other pools will normally not be transferable and generally only be redeemable as of a quarter ends. Certain pools may restrict liquidity as well by imposing penalties on redemptions or only permitting redemptions after an initial holding period of 3-12 months.

Conflicts of Interest

The Directors, the Manager, Investment Advisor and their affiliates, officers and shareholders (collectively the “Parties”) are or may be involved in other financial investment and professional activities which may, on occasion, cause conflict of interest with the management of the Funds. These include management of the investment funds, purchases and sales of securities, investment and management consulting, brokerage services and serving as directors, officers, advisers or agents of other funds or other companies, including companies in which the Funds may invest. In particular, it is envisaged that the Investment Advisor may be involved in advising certain investment funds and other investment schemes which may have similar or overlapping investment objectives to or with the Funds. Each of the Parties will respectively ensure that the performance of their respective duties will not be impaired by any such involvement that they may have and that any conflicts which may arise will be resolved fairly. The Investment Advisor may deal in Shares without accounting to the shareholders or the Funds for any profits.

In addition, due to the widespread operations undertaken by the Manager, Investment Advisor, the Administrator and the Custodian and their respective holding companies, subsidiaries and affiliates (each an “Interested Party”) conflicts of interest may arise. An Interested Party may acquire or dispose of any investment notwithstanding that the same or similar investments may be owned by or for the account of or otherwise connected with the Funds. Furthermore, an Interested Party may acquire, hold or dispose of investments notwithstanding that such investments had been acquired or disposed of by or on behalf of the Funds by virtue of a transaction effected by the Funds in which the Interested Party was concerned. An Interested Party may deal with the Funds as principal or as agent.

The Investment Advisor may have conflicts of interest in rendering advice because their compensation for managing certain investment funds may exceed their compensation for managing the account of the Funds, thus providing an incentive to prefer such other account. Moreover, if the Investment Advisor makes decisions for such accounts and the accounts of the Funds at or about the same time, the Funds may be competing with such other accounts for the same or similar positions. The Investment Advisor will endeavour to ensure that all investment opportunities are allocated on a fair and equitable basis between the Funds and such other accounts.

The Funds have been established and promoted by the Investment Advisor and accordingly, the selection of the Investment Advisor and the terms of its appointment and fees are not the result of arms-length negotiations.

The Investment Advisor may also be paid commissions, rebates or retrocessions that it may be due from third parties (including but not limited to investment funds, portfolio managers and the Custodian). Such commissions, rebates or retrocessions will, where applicable, be paid to the Funds.

In the event that a conflict of interest does arise, the Directors will endeavour, so far as they are reasonably able, to ensure that it is resolved fairly and that investment opportunities are allocated on a fair and equitable basis.

Some of the Directors of the Fund and the Investment Advisor are Stenham Group employees which may lead to a potential conflict of interest. In such circumstances, the Fund's legal advisors and /or auditors will be consulted to assist with the resolution of such conflict.

Performance Type Fees to Fund Managers

Performance fee arrangements with individual Fund Managers may create an incentive for the Fund Managers to make investments that are riskier or more speculative than would be the case in the absence of such performance fees. PROSPECTIVE INVESTORS SHOULD BE AWARE THAT PERFORMANCE OR INCENTIVE FEES MAY ENCOURAGE OVERLY SPECULATIVE TRADING BECAUSE, WHILE THE FUND MANAGER NORMALLY SHARES IN ANY NEW NET PROFITS, THERE IS NO OBLIGATION TO SHARE IN OR TO RESTORE LOSSES.

Volatility of Accounts

Assets will be placed with Fund Managers who invest in securities and options, which are highly volatile and speculative. Certain positions may be subject to wide and sudden fluctuations in market value, with a resulting fluctuation in the amount of profits and losses. As a Fund Manager may buy and sell short securities on margin with a focus on short-term trading profits and risk arbitrage strategies, the volatility of the Master Fund's securities accounts will be greatly increased, leading to significantly greater risks, generally much larger than in the case of other securities pools.

Investment Programmes are Speculative

The Funds' investment programme should be considered speculative, as there can be no assurance that SAM's assessments or those of the Fund Managers in relation to the short-term or long-term prospects of investments will generate a profit. In view of the fact that the Feeder Fund will not pay dividends, an investment in the Feeder Fund is not suitable for investors seeking current income for financial or tax planning purposes.

Fixed Income Investments

The value of the fixed income securities in which the Fund Managers invest will change as the general level of interest rates fluctuates. When interest rates decline, the value of fixed income investments can be expected to rise. Conversely, when interest rates rise, the value of such investments can be expected to decline. Investments in lower rated or unrated fixed income securities in which the Fund Managers may invest, while generally providing greater opportunity for gain and income than investments in higher rated securities, usually entail greater risk (including the possibility of default or

bankruptcy of the issuers of such securities). Moreover, available yields and yield differentials vary over time, and no specific level of income or yield differential can ever be assured.

Leverage and Short Selling

Assets will at times be placed with Fund Managers which engage in short selling and trade securities on a leveraged basis. Selling securities short runs the risk of losing an amount greater than the amount invested. Short selling is subject to theoretically unlimited risk of loss because there is no limit on how much the price of a security may appreciate before the short position is closed out. Furthermore, as a result of trading securities on a leveraged basis (i.e.: where the security can be purchased by putting up only a portion of the instrument's face value and borrowing the remainder on margin), a relatively small price movement in a securities position may result in immediate and substantial losses to the investor. In addition, trading on margin will result in charges to the Master Fund which may be substantial. Thus, like other leveraged investments, any purchase or sale of a security may result in losses in excess of the amount invested.

Trading of Securities Options

If a Fund Manager buys an option (either to sell or purchase a security) it will pay a premium representing the market value of the option. Unless the price of the securities underlying the option changes and it becomes profitable to exercise or offset the option before it expires, the investor may lose the entire amount of the premium. The purchasing of an option runs the risk of losing the entire investment or substantially more than the entire investment, thereby causing significant losses to the investor in a relatively short period of time. The ability to trade in or exercise options also may be restricted in the event that trading in the underlying securities becomes restricted. Options trading may also be illiquid in the event a Fund Manager invests in contracts with extended expirations.

Arbitrage Trading

The trading operations of certain Fund Managers may involve arbitraging between a security and its announced buy-out price (or other forms of risk arbitrage), between two securities, between the equity and equity options markets, between futures and securities and/or options and/or any combination of the above. This means, for example, that the Fund Manager may purchase or sell a security and take offsetting positions in the options market in the same or a related security. To the extent the price relationships between such positions remain constant, no gain or loss on the positions will occur. However, these types of offsetting positions entail substantial risk such that the price differential can change unfavourably, causing an immediate and substantial loss.

Illiquidity of Markets

At various times, the markets for securities purchased or sold by the Master Fund may be "thin" or

illiquid, making purchases or sales of securities at desired prices or in desired quantities difficult or impossible. For example, securities exchanges and regulatory agencies have authority to suspend trading in a particular security without notice.

Periods of Investment Concentration

Because of its trading methods and strategies, the Master Fund may at times have an unusually high concentration in certain types of positions. Such lack of diversification could result in greater losses than otherwise might be anticipated. Accordingly, the investment accounts of the Master Fund may be subject to more rapid change in value than would be the case, if they were required to maintain a wide diversification among companies, securities and types of securities.

Investing in Small Companies

There is no limitation on the size or operating experience of the companies in which investments may be made. Some small companies in which investments may be made may lack management depth or the ability to generate internally or obtain externally the funds necessary for growth. Companies with new products or services could sustain significant losses if projected markets do not materialise. Further, such companies may have, or may develop, only a regional market for products or services and may be adversely affected by purely local events. Some companies may be small factors in their industries and may face intense competition from larger companies and entail a greater risk than investment in larger companies.

Wide-ranging Markets

The Master Fund's assets may be invested in a wide range of foreign securities markets. Some securities markets may not be as developed, liquid or efficient as those in the more developed nations, and securities of some issuers are less liquid and more volatile than securities of comparable issuers in more developed nations. Certain securities may be subject to less stringent or different regulations than are securities in more developed nations and there may be less publicly available information regarding securities. Custodial and brokerage expenses for transactions in certain securities may also be higher than for securities in developed nations. Income received by the Master Fund may be reduced by withholding and other taxes.

Uncertain Value of Past Performance Records

There has been considerable concern expressed in the investment industry over the high degree of non-correlation which some studies have found to exist between the past performance records included in offering documents and the actual subsequent performance. Consequently, prospective investors must carefully consider the fact that PAST RESULTS ARE NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE IN DETERMINING WHETHER OR NOT TO PURCHASE SHARES. NEVERTHELESS,

ONE OF THE CRITERIA THAT THE FUNDS, IN CONJUNCTION WITH THE MANAGER AND SAM, WILL TAKE INTO ACCOUNT WHEN ASSESSING FUND MANAGERS, WILL BE PAST PERFORMANCE OF THE FUND MANAGERS.

General Investment Risks

Substantial risks are involved in investing in securities, currencies, derivatives and the various other instruments in which the Fund Managers may invest. The prices of these investments are volatile, market movements are difficult to predict and financing sources and related interest rates are subject to rapid change. One or more markets in which the Fund Managers may trade may move against the positions held by them, thereby causing substantial losses. Government policies, especially those of central banks worldwide, have profound effects on interest and exchange rates which, in turn, affect prices in areas of the Master Fund's planned activities. Many other unforeseeable events, including actions by various government agencies and domestic and international political events, may cause sharp market fluctuations. Any instability in the world's banking system, securities and commodities exchanges, market pricing mechanisms or regulatory system may severely affect the Master Fund's ability to value its assets or carry out transactions and thereby impact adversely upon the Feeder Fund's ability to value its assets.

Foreign Exchange Risk

Fund Managers will have full discretion as to the currencies in which their investments are denominated. Moreover, the Master Fund's investments themselves may be denominated in currencies other than the US Dollar. Consequently, performance will be subject to fluctuations in foreign currency exchange rates.

Default Risk

Fund Managers may invest in instruments issued by borrowers which subsequently default in paying interest or principal on such securities, thereby causing a loss to the Master Fund and, indirectly, the Feeder Fund.

The Funds may enter into short-term loan arrangements with other funds where SAM may serve as sponsor, advisor or manager in order for such other funds to facilitate redemptions and/or investments with Fund Managers. Such loan arrangements will generally be unsecured. Such funds may subsequently default in paying interest on such loans or repaying the principal, thereby causing a loss to the Funds.

Counterparty Risk

Certain of the markets which may be traded by the Master Fund and the Fund Managers, for example, the interbank market in currencies, the swaps market and the government securities market, are

"principals' markets" in which they each will be fully subject to the risk of counterparty default.

Diverse Selection of Fund Managers

In an attempt to obtain diversification of investment strategies and markets, the Master Fund will select a range of Fund Managers, each of which invests independently of the others with the objective that such Fund Managers, as far as possible, complement each other. There can be no assurance that the use of many different investment approaches will not effectively result in losses by certain of the Fund Managers offsetting any profits achieved by others. Such offsetting could result in significant reduction in the assets of the Master Fund, as incentive fees would be allocable to those Fund Managers which had recognised profits, irrespective of the offsetting losses. There can be no assurance that choosing a combination of Fund Managers will prove to be any more successful either in generating profits or in reducing drawdowns than would the selection of a single Fund Manager for the Master Fund.

Due to the number of Fund Managers, the benefit to the Master Fund from any particular Fund Manager's performance will be reduced due to the limited amount of its equity traded by such Fund Manager. Incentive fees will be determined separately for each Fund Manager, so it is possible that incentive fees will be payable to one or more Fund Managers even though the overall Net Asset Value per Share has declined due to losses incurred by others.

Allocation of Assets among the Fund Managers

The board of the Master Fund, in conjunction with the Manager, on the basis of advice given by SAM, will allocate assets among the Fund Managers. Decisions regarding the selection of the Fund Managers will materially affect the performance of the Funds. Prospective investors must recognise that the overall success of the Funds is dependent not only on the Fund Managers, but also on SAM's skill in allocating and reallocating assets among Fund Managers. There can be no assurance that the allocations made by the Master Fund will prove as successful as other allocations which might have been made, or as successful as adopting a passive approach in which Fund Managers are not changed.

Cross-Class Liability

Although the assets and investments attributable to each Class Fund will be segregated in the books of the Fund from the assets and investments attributable to other Class Funds, in the event that the assets attributable to a particular Class Fund are, for whatever reason, insufficient to discharge the liabilities attributable to that Class Fund, the assets of other Class Funds may be utilised to discharge such liabilities. **The assets attributable to a Class Fund cannot be wholly protected from the liabilities attributable to other Class Funds. There is however no similar liability between the cells of the Guernsey PCC.**

Possibility of Fraud or Other Misconduct

When the Master Fund invests funds with a Fund Manager, either through an offshore company or a managed account, it does not have custody of the assets or control of the investment. Therefore, there is always the risk that the Fund Manager could divert or abscond with the assets, fail to follow agreed investment strategies, provide false reports of operations or engage in other misconduct. The Fund Managers with whom the Master Fund will invest are generally private and have not registered their securities or investment advisory operations with any government.

Institutional Risks and Custodial Risks

The Master Fund invests in Fund Managers who in turn seek to place their investments with institutions such as brokerage firms and banks, and use the custodial services and prime brokerage services provided by such institutions. There is a risk that such institutions could face financial difficulties, and subsequently become insolvent, therefore impairing the ability of these Fund Managers to return capital when required. Although the Investment Advisor of the Fund will use its best endeavors to monitor Fund Managers, should the institutions used by the Fund Managers become insolvent, there is a risk that the recovery of assets will be restricted for a period or less than the value of the original assets.

THE FOREGOING LIST OF "RISK FACTORS" DOES NOT PURPORT TO BE A COMPLETE EXPLANATION OF THE RISKS INVOLVED IN AN INVESTMENT IN THE FUNDS. PROSPECTIVE SHAREHOLDERS SHOULD READ THE ENTIRETY OF THE OFFERING MEMORANDUM AND CONSULT WITH THEIR OWN ADVISORS BEFORE DECIDING TO SUBSCRIBE FOR SHARES.