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Brochure of Enhanced Investment Products (Cayman) Limited

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This brochure provides information about the qualifications and business practices of Enhanced Investment Products Limited. If you have any questions about the contents of this brochure, please contact us at +852 2110 8600 or email: info@eip.com.hk 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 Enhanced Investment Products Limited also is available on the SEC's website at www.adviserinfo.sec.gov.

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1. Advisory Business:

- A. Enhanced Investment Products (Cayman) Limited ("EIP") is a Cayman Islands incorporated investment advisory company established in 2002 and has been registered as an "excluded person" under the Securities Investment Business Law of the Cayman Islands. The main principal owner and Chief Executive Officer is Tobias Bland who holds 92.5% of the company.
- B. EIP is the investment manager to Enhanced Index Funds PCC (the "Company") which at the time of writing includes the following funds (collectively the "Funds"):
 - a. E.I.P. Overlay Fund – multi-strategy Asian excluding Japan hedge fund
 - b. E.I.P. Aleph Fund– multi-strategy Asian including Japan hedge fund
 - c. Enhanced China Index Fund – country index tracker fund
 - d. Enhanced Taiwan Index Fund– country index tracker fund
 - e. Enhanced India Index Fund– country index tracker fund
 - f. Enhanced Korea Index Fund– country index tracker fund
 - g. Enhanced Malaysia Index Fund– country index tracker fund
 - h. Enhanced Indonesia Index Fund– country index tracker fund
 - i. Enhanced Thailand Index Fund– country index tracker fund
 - j. Enhanced Philippines Index Fund– country index tracker fund

EIP has full investment making discretion over the investments held by E.I.P. Overlay Fund and E.I.P. Aleph Fund, (the "Hedge Funds") subject to the restrictions as set out in the funds' private placement memorandum. The remaining country index tracker funds (the "Index Funds")

- C. Before undertaking any new advisory mandates, EIP will ensure that investment objectives and restrictions are fully understood and agreed to. All permissible investments as well as restrictions and limitation into the suite of Enhanced Index Funds PCC are clearly set out in the funds' private placement memorandum.
- D. All client assets are managed on a discretionary basis and as at 24th February 2011 the amount of client assets managed totalled US\$370 million

2. Fees & Compensation:

- A Fees for E.I.P. Overlay Fund and E.I.P. Aleph Fund:
 - Management Fee 2%
 - Performance Fee 20%

Fees for Index Funds:
Management Fee 0.75%

B Fees related to the ongoing management and operation of the Funds are deducted from the funds' asset. Such costs are calculated on a daily accrual basis and/or paid when invoices are presented or costs billed by a vendor.

C In addition to the fees as described in 2 A, the Funds will bear the cost of the following:

Administration Fee

Custody Fee

Audit Fee

Fund directors' Fees

Brokerage Fees for research and execution (please see 9)

Clients are not charged fees in advanced and do not prepay fees, but rather fees are accrued from the date of investment and paid in arrears.

D EIP only receives compensation from Management Fees and Performance Fees related to the investment management of the Funds and does not receive compensation for the sale of other of securities or other investment products.

3. Performance-Based Fees and Side-By-Side Management:

EIP charges a performance fee in respect of the Hedge Funds payable annually in arrears or upon redemption of shares of the relevant class part way through a performance period out of the assets of the Hedge Funds.

In order to ensure that shareholders bear the performance fee according to the actual performance of their investment, a separate series of shares will be issued on each subscription day and the performance fee payable will be calculated by reference to the increase in the net asset value per share of the relevant series. The performance fee for each series will be calculated as at the last valuation point in each performance period and paid as soon as practicable thereafter. Where shares are redeemed part way through a year, the performance fee payable in respect of the shares redeemed will be calculated as at the valuation point relating to the date of redemption.

A performance fee will only be payable in respect of shares of a particular series if the net asset value per share of the relevant series as at the last valuation point in the relevant performance period is greater than the performance benchmark for the relevant series, increased at the rate of 5 per cent per annum from the later of the last valuation point in the previous performance period and the subscription day on which the relevant shares were issued. However, investors should note that the performance fee will be calculated as a percentage of the entire increase in the net asset value per share above the performance benchmark.

The performance fee is equal to 20% of the increase in the net asset value per share of the relevant series.

The Index Funds are not charged any performance related fees as the investment objective is to track their relevant country indexes as closely as possible i.e. minimise tracking error as opposed to achieving absolute returns. They are instead charged a fixed percentage management fee based on the size of net assets. The management fee is equal to 2% of the net asset value.

Both the Hedge Funds and Index Funds have different fee structures which potentially could lead to a conflict of interest. In order to align and reconcile the interests of two different sets of investment objectives, EIP has created a unique structure in Asia in that the E.I.P. Overlay Fund has a captive stock borrow arrangement with the Index Funds in return for a 25% paydown of positive performance returned on the hedge fund side.

It is in the interest of EIP to manage both mandates on a balanced basis and attempt to grow assets on both the Hedge Fund and Index Funds at the same pace and to maintain a steady ratio in terms on net asset value. This in turn creates an environment where the incentive to focus on performance fee related products to the detriment of fixed paying funds is mitigated or at least reduced. On the one hand, EIP will attempt to achieve maximum absolute returns on the Hedge Fund side but at the same time focus will also be placed on the Index Funds to ensure that tracking error is reduced to a minimum in order to meet the investment mandate of the long only tracker funds.

EIP believe in alpha and beta separation and in order to further reduce the possible conflict of interest resulting from two different set of fee structures, both the Hedge Funds and Index Funds are managed by separate groups of portfolio managers and are remunerated on different bases accordingly. This segregation of portfolio management responsibilities ensures that adequate focus is allocated to clients' investments in both sets of funds.

4. Types of clients:

Hedge Fund Clients – High Net Worth/ Professional Investors, Institutional, Pension Funds, Fund of Funds, Trust companies

Minimum Investment Size: US\$150,000

Minimum Subsequent Investment Size: US\$50,000 (E.I.P. Overlay Fund) / US\$100,000 (E.I.P. Aleph Fund)

AML/KYC: Performed by fund administrator and EIP

Index Funds - High Net Worth/ Professional Investors, Institutional, Pension Funds, Fund of Funds, Trust companies

Minimum Investment Size: US\$1,000,000

AML/KYC: Performed by fund administrator and EIP

5. Methods of Analysis, Investment Strategies and Risk of Loss:

A Material risk of the Funds

Investment strategy for Index Funds

An Index Fund will invest directly or indirectly in the constituent securities comprised in the relevant index. Investment may be directly in the constituent securities or through derivatives such as futures or swaps that provide exposure to the constituent securities, provided that the counterparty has a credit rating of A or better from Standard & Poor's or an equivalent credit rating from another rating agency.

An Index Fund will, so far as practicable, invest all of its assets directly or indirectly in the relevant index. Not less than 90 per cent of the latest available Net Asset Value of the relevant Index Fund will at all times be invested in constituent securities of the relevant index and/or derivatives and/or instruments and/or swaps which provide exposure to the relevant index and/or one or more of the constituent securities of such index. An Index Fund may incur charges if any such instruments are broken before expiry of their term. As at the date of the latest Placing Memorandum, break fees commonly charged in the Asian markets may be up to 1 per cent of the value of such instruments. All relevant cash proceeds will be reinvested on a timely basis. It is intended that the weightings of individual constituent securities will not vary by more than 30 per cent from the index weighting wherever practicable, i.e. an Index Fund's holding of a security with a 10 per cent weighting in the relevant index may only increase/decrease by 3.0 per cent from the index weighting. Dividends received by an Index Fund will be reinvested.

No assurance can be given that the performance of an Index Fund will at any time be identical to the performance of the relevant index. A disparity between the respective performance of an Index Fund and of the relevant index will result from the fees and expenses which will be borne by the Index Fund both initially and on a continuing basis. A disparity may also arise as a result of the foreign exchange rates used to convert the value of an Index Fund's holdings into US dollars being different from the foreign exchange rates used for the relevant index. Although the relevant index will be updated on a regular basis during trading hours on the relevant market, the Net Asset Value of the Index Fund will be calculated weekly. Thus, the only time at which it will be appropriate and practicable to measure the comparative performances of an Index Fund and its related index will be after the Net Asset Value per Share of the relevant class has been determined. At that time, the performance of an Index Fund as measured by the change in the Net Asset Value per Share of the relevant class during the relevant period can be compared with the performance of the relevant index for that period as measured by the closing level of the index.

Nevertheless, although that comparison can be made, a difficulty may arise for EIP in achieving for an Index Fund a performance comparable to that of the relevant index. On the one hand the composition (and, therefore, the level) of the index at the end of any period is dependent on the market values of the constituent securities at that time (which are in turn dependent on the last traded prices for those securities, including any dealings for the account of the relevant Index Fund). However, on the other hand, in order for EIP to seek to simulate the composition of the index within the Index Fund's portfolio, EIP will need to purchase or sell constituent securities during the relevant period and, therefore, trading in the constituent securities and trading conditions generally on the relevant market during that period will affect the ability of EIP to achieve that objective. That difficulty will be exacerbated during periods in which trading in the constituent securities on the relevant market is volatile or in which there are significant net subscriptions for, or significant net redemptions of, shares in the relevant Index Fund. Nevertheless, EIP will endeavour to detect deviations from the constituent securities' respective weightings in the relevant index and to minimise the extent or effect of such deviations. No assurance can be given that the performance of an Index Fund will at any time be identical to the performance of the related index.

In order to enhance returns, the E.I.P. Overlay Fund may utilise the securities of the Index Funds in return for granting to the Index Funds the right to participate in the positive performance of the E.I.P. Overlay Fund during each calculation period. Such participation will be paid to the Index Funds semi-annually, as soon as practicable after the end of each calculation period.

The E.I.P. Overlay Fund will make a pay-down to the Index Funds of 25 per cent of the increase (before deduction of the performance fee payable to EIP) in the Net Asset Value per Share of each series relating to the E.I.P. Overlay Fund in each calculation period multiplied by the average number of shares of the relevant series in issue as at each valuation point during such calculation period.

The percentage rate of participation for each Index Fund in the pay-down amount will reflect both the cost of securities borrowing in the relevant market and the extent securities of the relevant Index Fund are available for the E.I.P. Overlay Fund to borrow. Investing in the Index Funds involves risk of loss that *clients* should be prepared to bear.

Investment strategy for the Hedge Funds – E.I.P. Overlay Fund

The E.I.P. Overlay Fund is an equity market neutral Asia ex Japan fund and will seek to implement market neutral strategies in Asia ex Japan. The E.I.P. Overlay Fund may also trade in other markets.

EIP intends to construct a diversified long and short portfolio and to implement a variety of hedging strategies to protect investors' capital and to reduce risk whilst enhancing returns for the E.I.P. Overlay Fund. EIP may engage in fully hedged arbitrage (i.e. with a delta of one) for the account of the E.I.P. Overlay Fund. EIP may also enter into low risk non-directional relative value trades for the account of the E.I.P. Overlay Fund, utilizing ADRs, GDRs, country funds, equities, options, futures, warrants, convertible bonds, currencies, NDF's, swaps, and other derivatives. The E.I.P. Overlay Fund will have a directional limit (net long/short beta) of up to 20 per cent for each country in which it invests and, for the E.I.P. Overlay Fund as a whole, of up to 20 per cent of its latest available Net Asset Value. The E.I.P. Overlay Fund may utilise securities from the Index Funds to trade. The E.I.P. Overlay Fund may utilise securities of the Index Funds to hedge its positions.

The Company may, in markets where such activity is permitted, engage in "short sales" for the account of the E.I.P. Overlay Fund, that is, the practice of selling securities which are borrowed from a third party and are utilised by the E.I.P. Overlay Fund. The Company will be required to return, at the lender's demand, securities equivalent to any securities borrowed for the short sale.

Pending the return of such securities, the Company will be required to deposit with any third party lender as collateral the proceeds of the short sale plus additional cash or securities; the amount of the required deposit will be adjusted periodically to reflect any change in the market price of the security which the Company is required to return to such third party lender.

In addition, the E.I.P. Overlay Fund may enter into swaps with counterparties rated A or better by Standard & Poor's in order to create a synthetic short position. Under this strategy, an Index Fund will sell the relevant stocks and enter into a swap representing a synthetic holding of the same stock, under which the relevant Index Fund will receive a return based on the performance of the relevant stock and will pay interest to the counterparty. Such interest will be equal to the interest earned by the Index Funds from the proceeds of the sale of the relevant stocks. The E.I.P. Overlay Fund will immediately enter into a back to back swap with the same counterparty

in respect of the same stock, under which the E.I.P. Overlay Fund receive interest from the counterparty and will pay the counterparty a return based on the performance of the relevant stock

Investment strategy for the Hedge Funds – E.I.P. Aleph Fund

EIP will seek to achieve the E.I.P. Aleph Fund's objective by utilising market neutral strategies, investing primarily in Asia, including Japan. The Fund will focus on quantitative trading as opposed to fundamental trading.

E.I.P. Aleph Fund will have the ability to invest in a wide range of instruments including, but not limited to, listed equities, debt securities, structured equity products, options, futures, warrants, swaps and other derivative instruments. Derivative instruments may be exchange-traded or over-the-counter.

E.I.P. Aleph Fund may also retain amounts in cash or cash equivalents pending reinvestment, for use as collateral or if this is otherwise considered appropriate to the investment objective. There will be no geographical restriction on the E.I.P. Aleph Fund's investments although it is anticipated that a substantial portion of the assets of the E.I.P. Aleph Fund will be invested in Asia, including Japan.

EIP intends to use a multi-strategy approach, employing strategies which are market neutral with little correlation to each other. Such strategies may include, without limitation, arbitrage strategies, relative value strategies, long-short trading, volatility trading and investing in initial public offerings. EIP may implement a variety of hedging strategies to protect capital and to reduce risk whilst enhancing returns for E.I.P. Aleph Fund.

Arbitrage strategies may include share class arbitrage, convertible bonds arbitrage, volatility arbitrage and merger arbitrage. EIP may engage in fully hedged arbitrage (i.e. with a delta of one) for the account of the E.I.P. Aleph Fund.

EIP may also construct a diversified long and short portfolio and may, in markets where such activity is permitted, engage in "short sales" for the account of E.I.P. Aleph Fund (i.e. the practice of selling securities which are borrowed from a third party and are utilised by the Fund). In addition, the Company may, in respect of E.I.P. Aleph Fund, enter into swaps in order to create a synthetic short position.

EIP may also enter into low risk non-directional relative value trades for the account of the Fund, utilising American Depositary Receipts ("ADRs"), Global Depositary Receipts ("GDRs"), country funds, equities, options, futures, warrants, convertible bonds, currencies, nondeliverable forwards, swaps, and other derivatives.

B Material risk of the Funds

There is no guarantee that in any time period, particularly in the short term, any Fund's portfolio will achieve any particular level of return. Investors should be aware that investment in any securities involves a degree of risk and that the value of shares in the Hedge Funds may fall as well as rise.

Investment in the Funds involves significant risks. Whilst it is the intention of EIP to implement strategies which are designed to minimise potential losses, there can be no assurance that these strategies will be successful. It is possible that an investor may lose a substantial proportion or all of its investment in the Funds. As a result, each investor should carefully consider whether it can afford to bear the risks of investing in the Funds.

The following discussion of risk factors does not purport to be a complete explanation of the risks involved in investing in the Funds.

Leverage

The Hedge Funds may be leveraged by borrowing and may also engage in investment strategies that constitute leverage should EIP consider this necessary or desirable. Such strategies may include the borrowing and short selling of securities and the acquisition and disposal of certain types of derivative securities and instruments, such as swaps, futures and options.

Whilst leveraging creates an opportunity for greater total returns it also exposes the Fund to a greater risk of loss arising from adverse price changes. For a further explanation of the risks involved in entering into certain leveraged transactions see the paragraph below headed "Derivatives".

Repurchase Agreements

The Company may enter into repurchase agreements with respect to securities for the account of a Fund. Repurchase agreements involve credit risk to the extent that the Company's counterparties may avoid such obligations in bankruptcy or insolvency proceedings, thereby exposing the relevant Fund to unanticipated losses. The amount of credit risk incurred with respect to a particular repurchase agreement will depend in part on the extent to which the obligation of the Company's counter-party is secured by sufficient collateral.

Futures Trading

The trading activities of a Fund may be transacted on any futures, forward or cash market or directly with institutions (e.g. banks or other dealers with which forward contracts may be entered into or traded). While it is not practicable to set forth in detail all possible forms of transactions in which a Fund may engage and the potential benefits and risks of each, certain salient features of their anticipated principal trading activities and markets are described below.

Substantially all trading in futures has as its basis a contract to purchase or sell a specified quantity of a particular asset for delivery at a specified time, although certain financial instruments, such as market index futures contracts, may be settled only in cash based on the value of the underlying composite index. If immediate delivery of the physical asset is contemplated, the trading is "cash" or "spot"; if delivery in the future is agreed upon, the contract to sell or buy is a "futures" contract and trading in such contracts is known as "futures trading". Futures trading involves trading in contracts for future delivery of standardised, rather than specific, lots of particular assets.

Futures are typically traded on "margin". The "margin" is the amount of escrow or performance bond deposit that a Fund will have to make and maintain with its brokers to secure its future obligation to close out open positions (either by delivery or acceptance of the contracted-for asset, or by an offsetting sale or purchase of a futures contract on such assets). The initial margin requirements may be satisfied by the deposit of cash (or, in some U.S. markets, certain U.S. Government obligations). The open positions must be "marked to market" daily, requiring additional margin deposits if the position reflects a loss that reduces a Fund's equity below the level required to be maintained and permitting release of a portion of the deposit if the position reflects a gain that results in excess margin equity. The level of margin that must be maintained for a given position is sometimes subject to increase, requiring additional cash outlays.

Because margin requirements normally range upward from as little as 2 per cent or less of the total value of the contract, a comparatively small commitment of cash or its equivalent may permit trading in futures contracts of substantially greater value. As a result, price fluctuations may result in a contract profit or loss that is disproportionate to the amount of funds deposited as margin. Such a profit or loss may materialise suddenly, since the prices of futures frequently fluctuate rapidly and over wide ranges, reflecting both supply and demand changes and changes in market sentiment.

Futures trading by persons other than "hedgers", that is, other than persons such as producers and consumers selling their anticipated production or buying their anticipated requirements, is recognised as a high-risk activity. Ordinarily, trading in futures subjects the trader to unlimited personal liability, which is a risk factor for individuals trading directly. By investing through a Fund, investors' liability is limited to the amount paid up on their shares.

Forward Currency Contracts and Currency Futures Risks

The Funds may engage in forward currency transactions in the interbank currency market and the Hedge Funds may engage in forward transactions in commodities on markets worldwide. Forward contracts differ from future contracts in that they are usually for a period of three months or less, generally involve actual delivery (although actual delivery can and often is avoided by entering into an offsetting contract) and include a negotiated spot price, financing charge and delivery date. Like futures contracts, these particular forward contracts are standardised with respect to quantity of the asset involved. Unlike futures exchanges generally, certain forward markets do not currently have a clearing corporation or division that is directly obliged on such transactions.

The Company may maintain margin accounts with one or more international reputable and creditworthy money center banks or other financial institutions in respect of currency-trading programs. Such accounts would be maintained by the financial institution(s) in the name of the Company as segregated accounts, and are not commingled with other assets. The risk to an investor is that, in the event of the failure of such financial institution, the margin account assets (which are typically 15 per cent of the value of any currency futures contracts outstanding) may be made unavailable to the Company and therefore may require it to liquidate either net investment assets (to satisfy current margin requirements) or the relevant contract positions; which liquidation in either case may result in a loss.

Options Trading

Additional trading techniques available to a Fund involve buying, selling or writing put and call options relating to the markets in which the relevant Fund is active. The purchaser of an option pays a premium that entitles him during the exercise period to buy (in the case of a call) or sell (in the case of a put), to or from the grantor, a specified quantity of its underlying asset at a specified or "striking" price. Options are speculative in that the whole cost of the option is lost unless the price of the underlying items has moved in the anticipated direction and the option is exercised or otherwise turned to account (by, for example, sale, exchange or, in the case of privately negotiated options, renegotiation) prior to its expiration; however, liability is limited to the premium paid for the option. An option writer becomes obligated to purchase or sell a futures contract or other asset at a specified price during a specified period. In exchange for the premium received upon writing an option, a Fund bears the risk of loss from adverse price movements in the underlying asset so long as the position remains open.

Stock Borrowing

EIP may borrow securities for the account of the Hedge Funds on terms that such securities may be recalled by the lender at short notice. If the securities are recalled, EIP may be required to unwind a strategy early, which may result in losses. EIP will endeavour to borrow non-recallable stock where possible.

Liquidity of Investment Portfolio

The market for some securities in which a Fund may invest may be relatively illiquid. Liquidity relates to the ability of a Fund to sell an investment in a timely manner. The market for relatively illiquid securities tends to be more volatile than the market for more liquid securities. Investment of a Fund's assets in relatively illiquid securities and loans may restrict the ability of the Fund to dispose of its investments at a price and time that it wishes to do so. The risk of illiquidity also arises in the case of over-the-counter transactions. There is no regulated market in such contracts, and the bid and offer prices will be established solely by dealers in these contracts.

Liquidity of Shares

Shares have limited liquidity. Transfer of shares maybe subject to legal and contractual restrictions.

Foreign Currency Markets

A Fund will have exposure to fluctuations in currency exchange rates where it invests directly or indirectly in securities denominated in currencies other than US dollars. In particular, although the Enhanced Index Funds are denominated in US dollars, the underlying investments of the Index Funds may be denominated in New Taiwan dollars (for the Enhanced Taiwan Index Fund), Hong Kong dollars (for the Enhanced China Index Fund) Indian rupees (for the Enhanced India Index Fund), Malaysian ringgit (for the Enhanced Malaysia Index Fund), South Korean won (for the South Korea Index Fund), Thailand baht (for the Enhanced Thailand Index Fund), Indonesian rupiahs (for the Enhanced Indonesia Index Fund) and Philippines peso (for the Enhanced Philippines Index Fund). The markets in which foreign exchange transactions are effected are

highly volatile, highly specialised and highly technical. Significant changes, including changes in liquidity and prices, can occur in such markets within very short periods of time, often within minutes. In certain circumstances, these significant changes may adversely and severely impact the ability of a Fund to sell its investments or convert or remit such sale proceeds to the Fund. This may result in the suspension of the determination of the Net Asset Value of that Fund and, if such significant adverse changes continue for a reasonable period of time, the Fund's rights in these investments may lapse completely. Foreign exchange trading risks include, but are not limited to, exchange rate risk, interest rate risk and potential interference by foreign governments through regulation of local exchange markets, foreign investment, or particular transactions in foreign currency.

Derivatives

Derivatives include instruments and contracts the value of which is linked to one or more underlying securities, financial benchmarks or indices. Derivatives allow an investor to hedge or speculate upon the price movements of a particular security, financial benchmark or index at a fraction of the cost of investing in the underlying asset. The value of a derivative depends largely upon price movements in the underlying asset. Therefore, many of the risks applicable to trading the underlying asset are also applicable to derivatives trading. However, there are a number of other risks associated with derivatives trading. For example, because many derivatives provide significantly more market exposure than the money paid or deposited when the transaction is entered into, a relatively small adverse market movement can result not only in the loss of the entire investment, but may also expose a Fund to the possibility of a loss exceeding the original amount invested.

Custody Risks

In relation to a Fund's rights to the return of assets equivalent to those of a Fund's investments which have been transferred to the Prime Broker as collateral or margin, the Fund will rank as one of the Prime Broker's unsecured creditors and, in the event of the insolvency of the Prime Broker, the Fund might not be able to recover such equivalent assets in full.

Short Selling

The Hedge Funds may sell securities of an issuer short. A short sale is effected by selling a security which the selling party does not own, or selling a security which the selling party owns but which it does not deliver upon consummation of the short sale. In order to make delivery to the buyer of a security sold short, the selling party must borrow the security. In so doing, it incurs the obligation to replace that borrowed security, whatever its price may be, at the time the selling party is required to deliver it to the lender. The selling party must also pay to the lender of the security any dividends or interest payable on the security during the borrowing period and may have to pay a premium to borrow the security. This obligation must, unless the selling party then owns or has the right to obtain, without payment, securities identical to those sold short, be collateralised by a deposit of cash and/or marketable securities with the lender.

If the price of the issuer's securities declines EIP may then cover the short position with securities purchased in the market. The profit realised on a short sale will be the difference between the price received in the sale and the cost of the securities purchased to cover the sale.

The possible losses from selling short a security differ from losses that could be incurred from a cash investment in the security; the former may be unlimited, whereas the latter can only equal the total amount of the cash investment. Short selling activities are also subject to restrictions imposed by the various national and regional securities exchanges, which restrictions could limit the investment activities of EIP.

Cost of trading securities

Buying or selling securities involves various types of costs that apply to such transactions. When buying or selling securities, EIP will trade through an execution broker and will incur a brokerage commission or other charges imposed by the broker. Frequent trading in the Funds may detract significantly from investment results.

Swap Agreements

Swap agreements are two-party contracts entered into primarily by institutional investors for periods ranging from a few weeks to more than one year. The Company may enter into interest rate, index, single stock and currency exchange rate swap arrangements for purposes of attempting to obtain a particular desired return at a lower cost to it than if it had invested directly in an instrument that yielded that desired return. In a standard "swap" transaction, two parties agree to exchange the returns (or differentials in rates of return) earned or realised on particular predetermined investments or instruments. The Company's obligations under a swap agreement generally would be accrued daily (offset against any amounts owing to the Company) and any accrued but unpaid net amounts owed to a swap counterparty generally would be covered by the maintenance of a segregated account consisting of cash, securities issued or guaranteed by OECD governments or their agencies, or high grade corporate debt obligations.

Counterparty Risk

The Company and each Fund is subject to the risk of the failure or default of any counterparty to transactions. If there is a failure or default by the counterparty to such a transaction, the Company will have contractual remedies following the agreements related to the transaction. In certain circumstances, an Enhanced Index Fund may invest solely through one or more instruments issued by a single counterparty and so will be exposed to the credit and default risk of that single counterparty. EIP will seek to minimise counterparty risk through the selection of financial institutions and types of transactions employed.

Arbitrage

Arbitrage involves the buying of a single derivative or a basket of derivatives and the selling of the underlying security or basket of securities. The derivative may underperform the underlying security resulting in a loss. When buying convertible bonds, an adverse movement in interest rates can result in a loss despite an upward movement in the equity security to which the bond relates.

Economic Risk

Economic instability in an emerging market may arise when such country is heavily dependent upon commodity prices and international trade. Economies in emerging market countries have

been and may continue to be adversely affected by the economic strength of their trading partners, exchange controls, managed adjustments in relative currency values, trade barriers and other protectionist measures imposed or negotiated by the countries with which they trade. Some emerging market countries have experienced currency devaluations and some have experienced economic recessions causing a negative effect on their economies and securities markets.

Political and Social Risk

Some governments in emerging market countries are authoritarian or have been installed or removed as a result of military coup and some have periodically used force to suppress civil dissent. Disparities of wealth, the pace and success of democratisation and capital market development and ethnic, religious and racial disaffection, among other factors, have also led to social unrest, violence and/or labour unrest in some emerging market countries. Unanticipated political or social developments may result in sudden and significant investment losses. All of these factors can have a material impact on the Funds, especially the Enhanced Index Funds and create a risk of higher price volatility which, in turn, can increase any tracking error.

Market Risk

Past performance is not indicative of future performance. The net asset value of a Fund will change with changes in the market value of the securities it holds. The net asset value per share and the income from them may go down as well as up. There can be no assurance that a Fund will achieve its investment objective or that an investor will achieve profits or avoid losses, significant or otherwise. The capital return and income of each Enhanced Index Fund is based on the capital appreciation and income on the securities it holds, less expenses incurred. Each Enhanced Index Fund's return may fluctuate in response to changes in such capital appreciation or income. Furthermore, each Enhanced Index Fund may experience volatility and decline in a manner that broadly corresponds with its underlying index. Investors in an index fund are exposed to the same risks that investors who invest directly in the underlying securities would face. These risks include, for example, interest rate risks (risks of falling portfolio values in a rising interest rate market); income risks (risks of falling incomes from a portfolio in a falling interest rate market); and credit risk (risk of a default by the underlying issuer of a security that forms part of the underlying Index).

Passive Investment Risk

The Enhanced Index Funds are not actively managed. Accordingly, each Enhanced Index Fund may be affected by a decline in the market segments relating to its underlying index. Each Enhanced Index Fund invests (either directly or indirectly) in the securities included in or representative of its underlying index regardless of their investment merit, except to the extent of any representative sampling strategy. EIP does not attempt to select stocks individually or to take defensive positions in declining markets. Investors should note that the lack of discretion on the part of EIP to adapt to market changes due to the inherent investment nature of an index tracker fund will mean that falls in the relevant underlying index are expected to result in corresponding falls in the value of the Enhanced Index Fund.

Tracking Error Risk

The net asset value of an Enhanced Index Fund may not correlate exactly with its underlying index. Factors such as the fees and expenses of an Enhanced Index Fund, imperfect correlation between a Fund's assets and the securities constituting its underlying index, inability to rebalance a Fund's holdings of securities in response to changes in the constituents of the underlying index, rounding of security prices, changes to the underlying indices and regulatory policies may affect EIP's ability to achieve close correlation with the relevant underlying index. This may cause each Enhanced Index Fund's returns to deviate from its underlying index

Level of Regulation

Whilst the Company may be considered similar to an investment company, it is not registered as such under the United States Investment Company Act of 1940, as amended, in reliance upon an exemption available to privately offered investment companies, and, accordingly, the provisions of that Act (which, among other things, require investment companies to have a majority of disinterested directors, require securities held in custody to at all times be individually segregated from the securities of any other person and marked to clearly identify such securities as the property of such investment company, and regulate the relationship between the adviser and the investment company) are not applicable.

Reliance on Management

Although the Directors have the ultimate authority and responsibility for the management of the Company, all decisions relating to the day to day investment of each Fund's assets have been delegated to, and will be made by, EIP. Each Fund's performance is therefore largely dependent on the continuation of agreements with the EIP and the Investment Adviser(s) and the services and skills of their respective officers and employees. The loss of the Manager's or the Investment Advisers' services (or that of one of their respective key personnel) could materially and negatively impact the value of the Funds.

Performance Fee

The performance fee payable to manager for the Hedge Funds may create an incentive for the EIP to make investments that are riskier or more speculative than would be the case in the absence of a performance fee. Prospective investors should note that the management fees and performance fee payable to EIP are based in part upon unrealised gains (as well as unrealised losses), and that such unrealised gains and losses may never be realised.

Dividends and Distributions

The Company does not intend to pay dividends or other distributions, but intends instead to reinvest all of each Fund's income and gains. Accordingly, an investment in a Fund may not be suitable for investors seeking current returns for financial or tax planning purposes. The Directors reserve the right to declare and pay special dividends. The Directors do not anticipate such dividends being paid except in unusual circumstances.

Conflicts of Interest

There will be no limitation with respect to EIP's or Investment Advisers' other activities and investments or with respect to the activities of other investment portfolios managed by EIP or the Investment Adviser(s). Accordingly, conflicts of interest may occur.

THE FOREGOING RISK FACTORS DO NOT PURPORT TO BE A COMPLETE EXPLANATION OF ALL THE RISKS INVOLVED IN THIS OFFERING. POTENTIAL INVESTORS MUST READ THE ENTIRE PLACING MEMORANDUM AND MUST CONSULT THEIR OWN PROFESSIONAL ADVISERS, BEFORE DECIDING TO INVEST IN ANY OF THE FUNDS.

6. Disciplinary Information

A There have been no legal or disciplinary events against the EIP or the Company since their inception in 2002.

B There are currently no legal or disciplinary events against the EIP or the Company.

7. Other Financial Industry Activities and Affiliations

None

8. Participation in Client Transactions and Personal Trading

The rules surrounding the operation of EIP are embodied in the company's internal policies & procedures, risk management and internal control policy, compliance manual and other company documentation. Separately, the company has a written code of conduct which can be made available on request.

As EIP is mandated to manage client assets by making investment decisions to buy and sell securities, it realises the potential conflict of buying or selling securities on behalf of clients where it or a related person, as principal has a material interest. In order to mitigate such conflict, there is a personal dealing policy that all employees must adhere to and re-acknowledge periodically. The extract of the personal dealing policy is reproduced in Appendix A.

9. Brokerage Practices

A. EIP intend to comply with the "safe harbor" provided by Section 28(e) of the Securities Exchange Act of 1934, as amended, which permits the use of soft dollars to obtain brokerage and research services that provide lawful and appropriate assistance to the investment adviser in the performance of its investment decision-making responsibilities. Research services may include, among other things, information on the economy, industries, groups of securities, individual companies, statistical information, accounting and tax law interpretations, political developments, legal developments affecting portfolio securities, technical market action, pricing and appraisal services, credit analysis, risk measurement analysis, performance analysis, and analysis of corporate responsibilities issues.

Brokers are selected based on their ability to provide quality and cost effective services to the Funds. As the Funds are focussed predominately on Asian markets, coverage from a best execution, research and other value added services perspective are considered when determining the commission levels and trade allocations. Prior to entering into a soft dollar

arrangement with a broker or dealer, EIP senior management must have formally reviewed the broker or dealer's financial background and company standing and any related persons relationships disclosed to clients.

EIP make use of soft dollar brokers and receive soft dollar benefit to pay for research and other services that benefit the investment making process.

For the fiscal year 2010, these services include:

Bloomberg - Pricing data and terminals which allow portfolio managers to monitor positions and P&L, place orders and receive market news updates

MSCI - Index Data license for benchmark data

Imagine Software - Portfolio management system for the calculation and reconciliation of net asset values of the Funds

SunGard Monis - Pricing modelling software to price up over-the-counter instruments for trading and book marking purposes

Proprietary research created by broker dealers

All the above mentioned goods and services are provided by vendors that are unrelated to EIP and the Company. For the avoidance of doubt, goods and services such as travel, accommodation, entertainment, general administrative goods or services, general office equipment or premises, membership fees, employee salaries or direct money payments are strictly prohibited.

- B. Soft dollar arrangements may create an incentive for an advisor to select or recommend a broker or dealer based on the potential of receiving research or other products or services rather than obtaining the most favourable execution. EIP ensures to the best of its abilities to obtain best execution under all circumstances and to allocate trades to those broker and dealers who are at the time, charging execution rates comparable to other broker and dealers offering the same or similar quality services in the market given the same or a similar trading venue and medium.
- C. Soft dollar practices are fully disclosed in the Hedge Fund and Index Funds' private placement memorandums. EIP has adopted a brokerage allocation policy that permits it to cause a Fund to pay commission rates in excess of those another broker or dealer would have charged for effecting the same transaction if EIP determine in good faith that the commission paid is reasonable in relation to the value of the brokerage and research services provided. The determination may be made in terms of either a particular transaction or the overall responsibilities of EIP with respect to the Funds over which they exercise investment discretion. Research so received will be shared in the management of the Funds but may not necessarily benefit all Funds paying commissions to such brokers or all such Funds equally at all times.

10. Review of Accounts

Client accounts are reviewed periodically and fund performance and net asset value data are independently calculated and verified by the funds administrator. Monthly statements of account are sent by the funds administrator to all clients showing holdings, value and performance. Fund newsletters which include performance and written commentary are also issued to all clients on a monthly basis by EIP. Copies of the audited financial statements are issued to all clients within 4 months of the last reporting period end (31 December).

11. Client Referrals and Other Compensation

None

12. Custody

Custody of the assets of the Funds resides with the prime broker, Deutsche Bank AG London. The assets of the Funds are held in the name of the Funds and not of any 3rd party. EIP as investment manager does not at any time have custody over client assets.

13. Investment Discretion

EIP shall manage the investment and reinvestment of the cash, securities and other property comprising the assets of Funds in the interests of the holders of shares of the relevant class or classes with power on behalf of and in the name of the Company at its discretion to purchase, subscribe or otherwise acquire or enter into securities, investments futures contracts and swaps and to sell, redeem, exchange, vary or transpose the same, provided that (unless otherwise instructed):-

- any purchase or sale of any security, investment or futures contract for the account of the Company, where such security, investment or futures contract is listed or traded on any stock exchange, futures exchange or over-the-counter market or where a recognised market is made in such security, investment or futures contract by any bank, dealer or association of dealers, shall be made on the stock exchange, futures exchange or other market which is the principal market for such security, investment or futures contract, unless EIP is satisfied that it is possible to make such purchase or sale more advantageously in some other manner;

- EIP may cause such sums as it may think fit to be retained in cash on behalf of the Company or Fund or placed on deposit in such currency or currencies as it may think fit with or to the order of the custodian;

- EIP shall render to the Funds' board of directors written reports of the composition of the portfolio of each Fund as often as the board of directors shall reasonably require; and

- EIP shall not enter into any underwriting or sub-underwriting contract on behalf of the Company or a Fund except with prior notification to the custodian, and so that all commissions and fees payable under such contracts and any investments acquired pursuant to such contracts will form part of the assets of the Company (for the account of the relevant Fund).

Any specific or general directions which the Funds' board of directors may give to EIP with regard to the acquisition, holding or disposal of securities, investments or futures contracts shall, unless the contrary is expressly stated therein, override the general authorisation hereby given, to the intent that the board of directors may at any time and from time to time take over, either generally or to a limited extent and either in collaboration with or to the exclusion of EIP, the making, varying or disposal of any or all cash, securities, investments and futures contracts of the Company or a Fund.

14. Voting Client Securities

All rights of voting conferred by investments of the Company shall be exercised in such manner as EIP may determine and EIP may in its discretion refrain from the exercise of such voting rights. The Company shall from time to time execute and deliver (or procure the custodian to execute and deliver) to EIP such powers of attorney or proxies as may reasonably be required by EIP for the purposes of authorising such attorneys or proxies as it may select to vote, consent or otherwise act in respect of all or any of the investments of the Company.

15. Financial Information

- A. Latest available audited financial statements for Enhanced Index Funds PCC attached.
- B. At the time of preparation of this Brochure, no financial conditions exists that EIP management think that is reasonably likely to impair its ability to meet contractual commitments to its clients.

Appendix A

Subject	Policies	Procedures	Responsibility
Employee Dealing	All employees must disclose all personal securities accounts with external brokers	<p>Employees must notify the Compliance Manager of any personal securities dealing accounts with external brokers when they join EIP and every time a new personal account is open</p> <p>The Compliance Manager will issue a letter to each external broker, signed by employees to ensure copy trade confirmations and monthly statements for the accounts are sent directly to the Compliance Manager</p> <p>The Compliance Manager will review these statements periodically for potential conflicts of interest or other irregularities. In the event an irregularity is discovered, the Compliance Manager will recommend to Senior Management a course of action to be taken</p>	Compliance Manager
	All employee dealing must be notified to and approved by the compliance manager for review before trade execution to prevent potential conflicts of interest, 'front running' or other irregularities	Employees must seek approval from the Compliance Manager (or Responsible Officer if Compliance Manager is not available) before personal securities orders apart from exempt securities are placed with brokers. Employees must submit an Employee Dealing Application Form prior to trading	Compliance Manager
	All trading must be approved prior to the order being executed using the Employee Dealing Application Form	All approved Employee Dealing Application Forms are valid for 5 business day unless exceptional circumstances. Extensions are valid for a maximum of 5 days from the day of approval of the original Employee Dealing Application Form and must be signed off by the Compliance Manager or a Responsible Officer	Compliance Manager
	Holding period	All employee personal trading positions (apart from positions in exempt securities) must be held for a minimum of 30 calendar days. Employees who have exceptional circumstances can apply for a waiver of the minimum 30 calendar day holding provided they have a valid reason. Approval of such waiver is at the discretion of the Compliance Manager	Compliance Manager
	Restricted list	Employees are prohibited to trade in securities that are held by the Overlay, Aleph & Index Funds. Existing positions held by new employees are permitted but any further trading in that security must conform with the standard employee dealing policy	Compliance Manager
	Exempt securities	Mutual Funds, Mandatory Provident Funds, Electronic Traded Funds, Foreign Exchange and other securities which may be decided by senior management from time to time	Compliance Manager

