

Manager profile

A member of the Man Group

Quarter 4, 2005

Introduction

When managing fund of hedge fund portfolios, there is no substitute for experience, expert knowledge and judgment. Glenwood has been discovering, selecting and combining hedge funds to generate strong risk-adjusted returns since 1987¹.

Glenwood has a disciplined approach to due diligence, portfolio construction and risk management. We believe the experience of our investment professionals gives us an edge in identifying and evaluating managers. Glenwood constructs multi-manager portfolios through careful consideration of investment styles and by combining managers with complementary performance characteristics. In addition, since October 2000, Glenwood has benefited from being a part of Man Group plc which is a leading global provider of alternative investment products and solutions, listed on the London Stock Exchange and a constituent of the FTSE 100 index.

Glenwood strives to select talented hedge fund managers who execute strategies that exploit clear market inefficiencies

Investment philosophy

The Glenwood investment philosophy is built on the premise that multi-manager hedge fund portfolios can generate risk-adjusted returns superior to those available from mainstream equity and bond markets. Glenwood's primary areas of focus are identifying talented hedge fund managers, as we believe excess returns are determined by one's ability to identify and gain access to superior hedge funds, and risk management, which accords with the belief that long-term returns are a function of the risk taken.

Glenwood believes that combinations of hedge funds can unlock unique value-added and diversification opportunities. This can be accomplished by investing in individual hedge funds whose performance is largely dependent upon manager skill rather than the movement of financial markets. Typically dynamic and entrepreneurial, hedge fund managers are attracted to

Investment objectives

To assist you in meeting your investment objectives, Glenwood strives to:

- Preserve capital over a wide range of market environments;
- Generate attractive returns and thereby increase investors' wealth; and
- Produce returns that have low correlation to major market indices.

complex situations, contrarian opportunities and small but interesting arbitrages. They have flexibility with respect to the markets and instruments they trade and the ability to take long or short positions. Consequently, hedge funds can perform with low correlation to one another, and a well-managed fund of hedge funds can perform with low beta to traditional investments.

Overview of the investment process

Glenwood employs a three-phase investment process, with each phase comprising numerous steps and tasks.

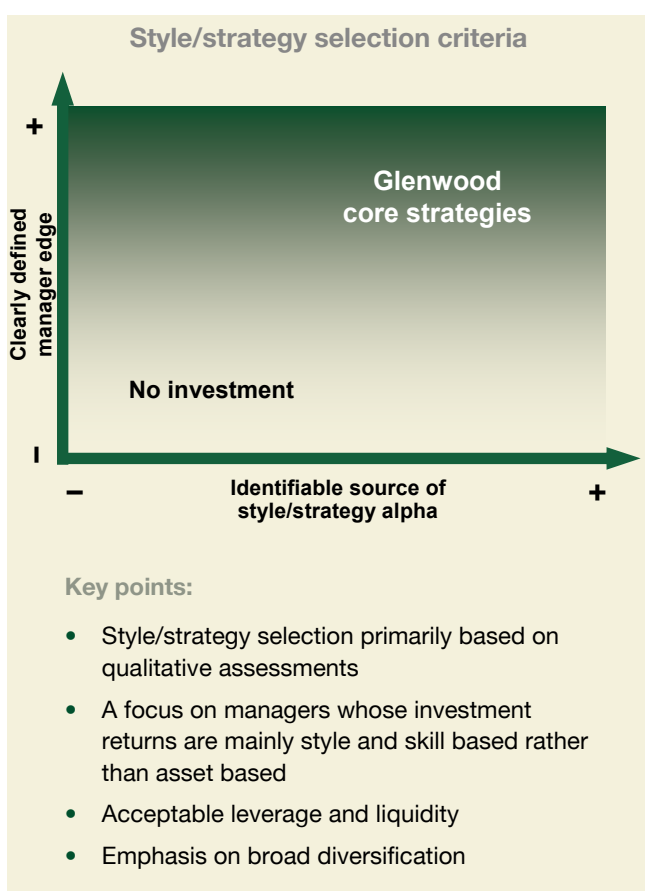


¹Glenwood was founded in 1987 through Weatherfield Partners, a predecessor entity.

Phase 1: Manager selection and evaluation

Allocations to hedge fund styles are determined by two factors, opportunity and risk, which Glenwood evaluates on both a top-down and bottom-up basis.

On a top-down basis, Glenwood seeks definable and repeatable sources of return, low levels of non-diversifiable risk and acceptable liquidity. On a bottom-up basis we continually look for superior managers, as the success of alternative investment strategies relies on the ability to exploit an inefficiency by applying superior skill and/or effort.



Qualitative and proprietary quantitative screening are used to distill the universe of managers down to a shorter list of 'best' prospects. Managers are then subject to a rigorous due diligence process. In addition to the qualitative criteria listed in the illustration above, Glenwood views each hedge fund manager as a small business, evaluating its challenges and considering its prospects for success. On-site visits by senior investment team members are an important component of our due diligence, which culminates in a formal approval procedure.

Manager due diligence and selection criteria¹

Individual criteria

- Personal and professional integrity
- Significant personal capital invested in fund
- Verifiable background
- Managed funds of comparable or larger size

Organisational criteria

- Manager and staff accessible
- Minimal manager distractions
- Understands business challenges facing the organisation

Investment criteria

- Able to articulate strategy
- Clearly defined edge over other market participants
- Proven track record that is believed to be replicable in the future
- Well-defined risk controls

Operational criteria

- Back office well-structured
- Registrations in order
- Audited financials and accompanying notes satisfactory
- Assets kept with financially stable organisations

The foregoing are only some of the factors Glenwood may consider when evaluating managers

Glenwood has several advantages in its search for investment management talent.

- A dedicated team focused on finding talented managers
- A network of hedge fund managers, service providers and investors providing valuable intelligence
- A proprietary database of thousands of hedge funds with details on company, fund, and performance
- Hedge fund managers seek out Glenwood due to our reputation, considerable expertise and sizable investor base

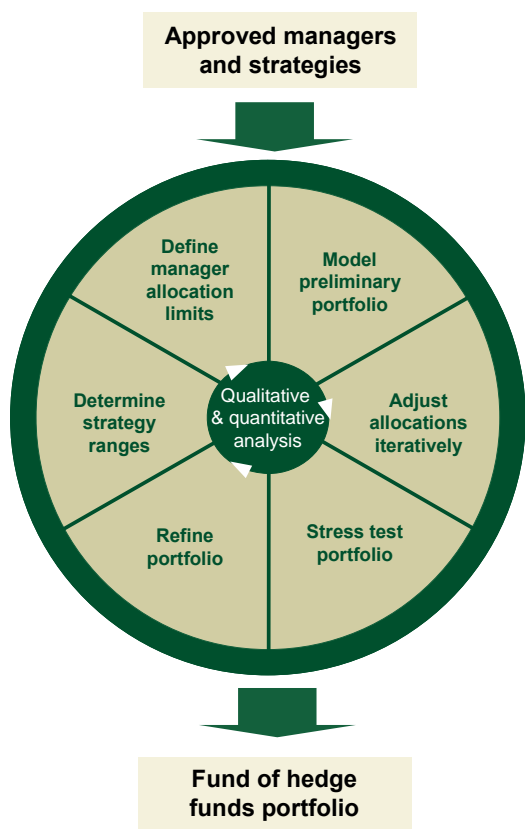
Phase 2: Portfolio construction

Through an intelligent combination of investment styles and managers, Glenwood aims to construct portfolios capable of meeting the goals of investors. The portfolio construction process starts quantitatively and is designed to build robust portfolios made up of complementary managers. We model a preliminary portfolio that incorporates various factors, such as a manager's contribution to portfolio risk, the fund's liquidity and the depth of the manager's experience.

An advantage of having years of experience investing in hedge funds is that Glenwood has successfully navigated many market cycles. This experience is invaluable in 'stress testing' portfolios, which takes into account volatile market environments that are underrepresented in historic return data.

It is the judicious diversification across managers – in addition to selecting a group of the most talented – that leads to greater returns per unit of risk

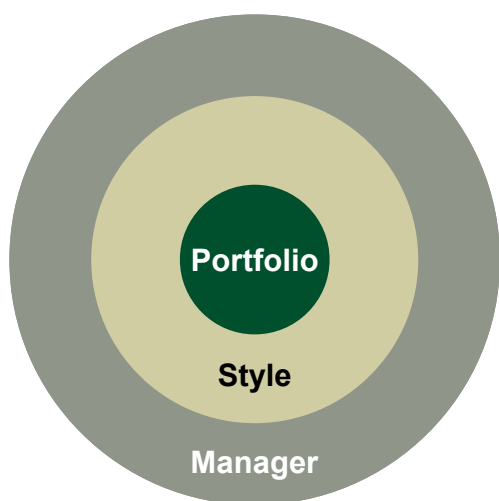
¹The criteria listed are not exhaustive. Glenwood may use other criteria in addition to, or in lieu of, any of those listed.



Phase 3: Risk management

We believe that generating consistently attractive returns depends on a sustained and rigorous risk management process. At Glenwood, this involves diligent reviews of each manager’s investment style and portfolio characteristics as well as the dynamics of its business.

As illustrated below, Glenwood’s comprehensive risk management approach integrates risk at the manager, style and portfolio levels:



Glenwood’s risk management process includes regular portfolio reviews and allocation adjustments designed to anticipate the changing risk-return profiles of different styles and managers. These risk management measures work in concert with our due diligence and portfolio construction strengths to create an enhanced approach to adding value for clients.

Glenwood’s disciplined process has been developed, refined and institutionalised over a number of years. Investors have Glenwood’s thorough approach—and considerable experience—working for them.

The Glenwood team

Glenwood firmly believes that successfully selecting and combining hedge fund managers requires experience, knowledge and excellent judgment. Spearheading the investment process is Glenwood’s investment committee, whose members are accomplished and highly regarded in the hedge fund industry. These experts work with a skilled team of professionals experienced in due diligence, portfolio construction, and risk management.

Glenwood is located in Chicago. The entire investment team intentionally draws upon a range of relevant backgrounds and has a well-rounded knowledge of all investing styles. We are convinced that the differing and complementary views generated by Glenwood’s professionals results in better decisions and serves to safeguard objectivity.

Glenwood’s fundamental aim is to build lasting relationships by fulfilling expectations with respect to performance and service

Glenwood provides investment advisory recommendations on a discretionary and non-discretionary basis to onshore and offshore funds. We have unique experience structuring innovative product solutions, as strategic partners to large institutional investors and providing exceptional support to intermediary and adviser networks.

Glenwood has the advantage of being an independent investment manager while simultaneously benefiting from Man Group’s strong financial standing and substantial business infrastructure. Man’s resources include a worldwide distribution and office network, product and solution structuring, information technology, administration, as well as legal and compliance functions. These strengths combine with Glenwood’s investment management skills to create a powerful investment force capable of meeting the investment goals and needs of a wide variety of clients.

Glenwood's competitive advantages

- A long history within the alternatives asset industry
- A strong team experienced in evaluating and investing in hedge funds
- An edge in identifying and gaining access to talented hedge fund managers
- A disciplined approach to due diligence, portfolio construction, and risk management
- The substantial business infrastructure of Man Group plc, a company listed on the London Stock Exchange that is devoted specifically to alternative asset management

Important information

Information contained herein is provided from the Man database except where otherwise stated. Potential investors should note that alternative investments can involve significant risks and the value of an investment may go down as well as up. There is no guarantee of trading performance and past performance is no indication of current or future performance/results. The performance data do not take account of the commissions and/or costs incurred on the issue and/or redemption of units.

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