

PIPEs

PipeLine Investors, LP

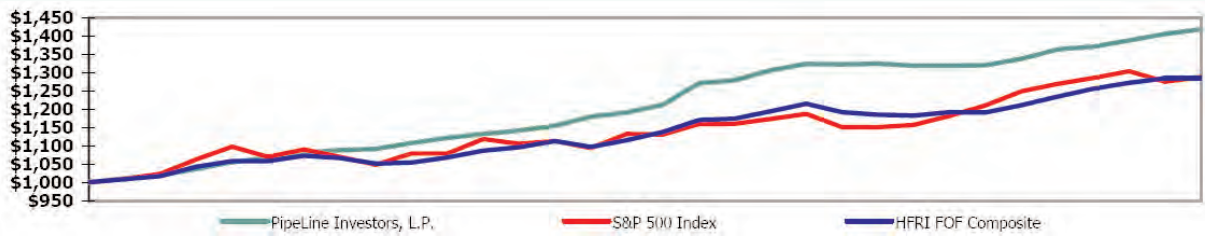
Focus: PIPE fund of funds and "PipeLine" kind of strategies (including collateralised mortgage obligations, asset based lending funds, etc.)

Fund's strengths: due diligence capabilities, PIPE (private investment in public equity) expertise

Fund's weakness: significant and sudden declines in liquidity in the US markets and/or pricing in small cap equities

Opportunities: the use of PIPEs as a means for public companies to raise capital has grown considerably over the past decade. Once a little understood strategy used by relatively few companies and investors, these privately negotiated transactions now offer a practical, more timely, and in many cases preferred, financing alternative for companies, regardless of their size or sector.

Threats: restricted number of PIPE investment vehicles; hedge fund lenders could be challenged if capital were to be readily available from other sources



Fund's performance vs. benchmarks, since inception - Sept.2004

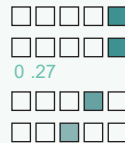
source: Sky Bell Asset Management, LLC

Risk Management

□ = low □ = low/moderate □ = moderate □ = moderate to high ■ = high

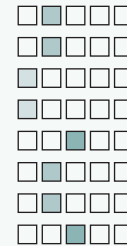
At PipeLine level:

- Expertise in identifying PIPE managers
- Expertise in constructing portfolio
- Avg. correlation of positions within the portfolio
- Concentration of investment risk
- Key man risk



As pertaining to underlying PIPE portfolios

- Short sales related risk
- Fraud/default related risk
- Regulatory risk
- Leverage risk
- Market risk
- Liquidity risk
- Counterparty related risk
- Key man risk



Performance Parameters

■ = insufficient ■ = adequate ■ = satisfactory ■ = good ■ = outstanding

- Avg. no. of positions currently in Pipeline: 7- 10 portfolios
- Efficiency in putting investor capital to work: ■
- Avg. length positions are held for: 12+ months
- Diversification achieved within portfolio: extensive relative to single managers with exposure to several hundred transactions
- Avg. annual correlation to: (>0.38 is high)
S&P 500 : 0.21
Russell 2000: 0.54
- Since inception, consistency in delivering targeted returns: ■

Outlook

↑ upside potential ↗ upside to range bound ↔ range bound ↘ range bound to down ↓ downside

- Barriers to entry in the PIPE space: expertise in - fundamental analysis, technical analysis; legal background in privately negotiated transactions and securities law ; a solid network to source transactions
- Scope for PIPEs ↔
- Scope for a fund of funds PIPEs ↗
- Threat of competition: fairly low
- Fund's ability to deliver targeted returns (conservative estimate) over:
 - Next 12 months ↗
 - Next 1-3 years ↗
- PipeLine tends to outperform: when US equity markets are down or flat, or small caps are in a bull market
- PipeLine tends to underperform: when small cap equity markets become illiquid for an extended period
- Max. capacity of assets under management: USD 200mn (currently AuM: USD 27mn)

Investment Insights

- Fund is targeted at : high net worth individuals, multi-strategy FoF, family offices
- Suited to investors looking for: upside potential with contained capital preservation
- To optimise returns, min. holding period: 3-5 years or one turn of a business cycle
- Restricted to: currently on shore only, but potential for an offshore structure
- Fund's base and other currencies: USD
- Fund's complexity for an investor: fairly high
- Fund's investment advisor Sky Bell Asset Management, LLC is registered with the SEC
- Transparency provided: high
- Awards/Ratings: 2005: Mar Hedge ranked PipeLine Investors in the Top 10 Performing Risk Adjusted Funds of Funds in the US