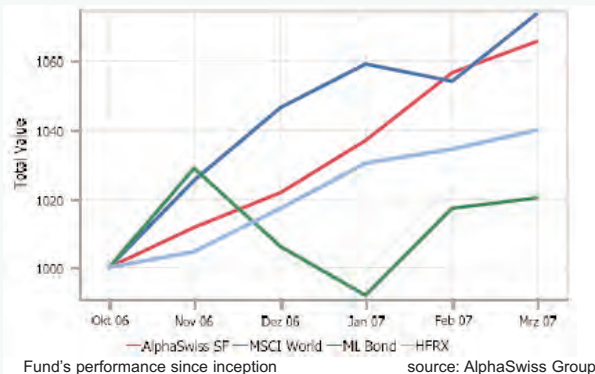


STRUCTURED FINANCE

AlphaSwiss Structured Finance Fund



Focus: the fund of funds offers risk controlled access to structured finance (asset backed loans and securities, credit arbitrage, PIPEs) investment opportunities

Strengths: competence in understanding and analysing the portfolio's underlying asset related risk

Weaknesses: better suited to those with a longer time horizon

Opportunities: portfolio diversification and a low correlation to traditional assets

Threats: depending on its severity, a credit crunch type of environment could pose a challenge to performance

Risk Management

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

- Avg. correlation amongst positions in the portfolios 0.06
- Diversification achieved in terms of collateral securing the loans □ □ □ □ □
- Ability to detect underlying managers' style drifts □ □ □ □ □
supported by the fund's proprietary multi-factor analysis
- Ability to "correctly" value and gauge liquidity of the underlying asset □ □ □ □ □
- Ability to track underlying managers' ability to put cash to work □ □ □ □ □
- Ability to detect fraud ;shifts in credit ratings □ □ □ □ □
systematic and disciplined due diligence and continuous monitoring
- Importance allocated to reviewing the contingency clause of loans □ □ □ □ □
- Ability to recover full value of collateral in case of a default □ □ □ □ □
- Currency related risk □ □ □ □ □
- Counterparty risk □ □ □ □ □
- Market risk □ □ □ □ □
- Leverage used (in line with industry avg.) □ □ □ □ □
- Risk of concentration/crowding: □ □ □ □ □
- Key man risk □ □ □ □ □

Performance Parameters

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

- Positions currently in the portfolio 20 single funds
- Ability to negotiate capacity with underlyings ■ ■ ■
- Ability to secure loans with varying maturities ■ ■ ■ ■ ■
- Ability to sustain performance in a falling interest rate environment ■ ■ ■ ■ ■
- Performance to be expected in a period of increasing defaults rates a decline in the resale value of collateral to below the LTV rate; a blow-out in credit spreads ■ ■ ■
- Avg. correlation to MSCI World Index +0.21
- Avg. correlation to Merrill Lynch World Agg. Gov. Index +0.01
- Avg. correlation to HFR Diversified FoF Index +0.33
- Since inception, consistency in delivering targeted returns ■ ■ ■ ■ ■

Outlook

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

- Outlook on the scope of investing in the a structured finance for ↑
- Scope for AlphaSwiss Structured Finance Fund ↑
- Barriers to entry: significant - expertise in portfolio and risk management, due diligence, structured finance; investment focus; network
- Your outlook on the fund being able to deliver the targeted returns over the next:
 - 1 year fairly high
 - 3-5 years moderate (currently risk premiums are attractive - but over time, are expected to slide from their present 12% to 10%)
- Going forward what do you envisage as the threats and challenges for the fund
Degenerating macro economic environment with slightly rising default rates and spread widening/volatility
- How is the fund positioned for the above likelihood
The fund is overweight relative value strategies with negative sensitivities to default and spread widening
- Under what circumstances is the fund likely to outperform: low default rates and low spread volatility
- Under which circumstances is the fund likely to under perform: the simultaneous occurrence of high default rates in different areas
- What is the maximum capacity of AuM for the fund: USD 500 mn

Investment Insights

This fund is targeted at: institutional investors, pensions, endowments, family offices, long-term sophisticated investors

Those looking for: stable returns of around 10% -12% pa with low volatility < 5 p.a., prepared to accept less liquidity

To optimise returns recommended holding period is: 3-5 years

Geographic restrictions: fund is available to non - US persons

Currencies this fund is available in: USD and EUR (others negotiable)

Fund's complexity for an investor: above average

Liquidity provided: monthly, with 90 days notice

Transparency provided to investors: high

Registered with: the fund's advisor, AlphaSwiss Asset Management, is a member of VQF (Verein zur Qualitätssicherung im Bereich der Finanzdienstleistungen), an official self regulatory organisation - authorized by the Swiss government