

FINANCIAL FIX: INFRAX INFRASTRUCTURE TRACKER CERTIFICATE



Performance as of 8.01.2007, Source: Berenberg Private Capital,

Focus: The Infrax certificate tracks 1:1 (excluding management fees) the performance of its underlying - the Infrax Index. Infrax is a performance index (all income from dividend and bonus payments is reinvested), structured by Berenberg Private Capital and Goldman Sachs to reflect the potential* in the global infrastructure sector. (*2003 World Bank Study). The Infrax Index portfolio represents the performance of the 50 largest and most liquid companies in the - energy (30%), transport (40%), water and waste management (10%) and construction (20%) - sectors.

Strengths: The open-ended certificate enables participation in the high-potential global infrastructure sector. Index constituents are chosen using a proprietary model and from the 200 eligible stocks universe; each index constituent is equally weighted - ensures diversification; sector as opposed to stock focus - but still captures the full performance potential of each stock

Weaknesses: underlying bears a high correlation to the MSCI World - EUR; restricted universe - each index constituent must have an avg. daily stock market turnover of at least USD10mn. Passive underlying - the index is rebalanced only once yearly

Opportunities: The infrastructure sector has to keep abreast with a growing global population and meet its logistical and resource needs. Scope for other structured, wrapper products using the index as an underlying

Threats: Proprietary model's sector weights set according to* World Bank Study - an unexpected change in the findings could impact performance; not immune to currency fluctuations (50% of the portfolio is invested in EURs)

Risk (as applicable to the underlying)

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

- Diversification achieved by the Infrax Index:

Geographic

□ □ □ □ □

Sector

□ □ □ □ □

Stock

□ □ □ □ □

- Avg. correlation to competitor infrastructure indices (Macquarie, UBS)

□ □ □ □ □

- Ability to monitor and control risk posed by index constituents

□ □ □ □ □

- Avg. correlation among the Infrax Index's 50 stocks

□ □ □ □ □

- Relevance of currency related risk borne by constituents

□ □ □ □ □

- Relevance of leverage related risk at certificate and Infrax Index level

= none

Performance Parameters

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

- Ability to identify sectors and exploit systemic sector risk

■ ■ ■ ■ □

- Expertise in structuring index (where 1=low and 5= high)

■ ■ ■ ■ □

- Conditions that would trigger a replacement in the Infrax Index
: if circumstances lead to the assumption that the essential liquidity decrease can occur in the following year
: when a stock no longer meets the liquidity criteria of achieving USD10mn turnover a day

- Ability to deliver uncorrelated returns to

Stocks

■ □ □ □ □

Bonds

■ ■ ■ ■ □

Commodities

■ ■ ■ ■ □

- Ability to deliver targeted returns in a rising

■ ■ ■ ■ □

- Falling, sideways trending markets

■ ■ □ □ □

- Suitability to

Certificates inclusion in a conservative portfolio

■ ■ □ □ □

Certificates inclusion in a balanced portfolio

■ ■ ■ □ □

Certificates inclusion in an opportunistic portfolio

■ ■ ■ ■ □

- Annual expense ratio for index and for certificate

= low

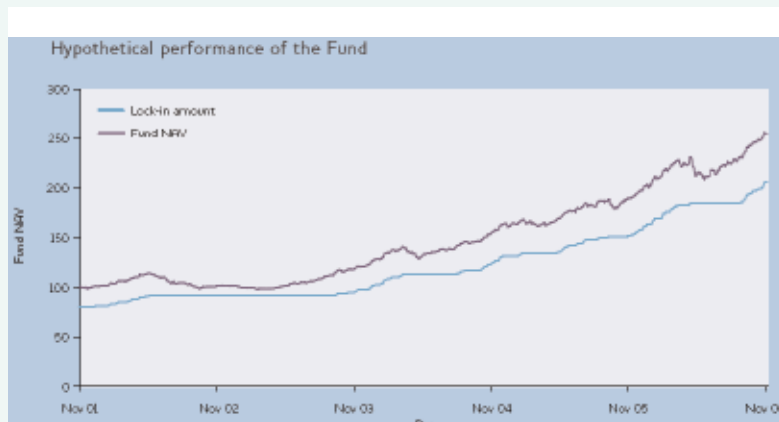
= low to moderate

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Outlook	↑ upside potential	↗ upside to range bound	↔ range bound	↘ range bound to down	↓ downside potential
<ul style="list-style-type: none"> • Scope for an infrastructure index certificate • Fund's ability to deliver targeted annual returns: <ul style="list-style-type: none"> Over 3-5 years Over 5-7 years • Max. capacity that can be managed 	<p>↑</p> <p>satisfactory</p> <p>good</p> <p>EUR 2bn</p>				<ul style="list-style-type: none"> • Barriers to entry: moderate to high Requires expertise in the Infrastructure sector and in structuring an index • Conditions needed for a relative out performance: bull market • Conditions for an under performance: recession • Targeted performance: 9.1% pa net of index costs

Investment Insights	
<ul style="list-style-type: none">• Target audience: broad based• Level of complexity: moderate• Certificate offers: sector diversification• To optimise returns, recommended avg. holding period: 5 years• Available to investors: globally• Base currency of the certificate and of the Infrax Index: EUR	<ul style="list-style-type: none">• Currencies the certificate is available in: USD, EUR, CHF, GBP• Liquidity provided: daily• Transparency provided: high• Fee: Management fees= 0.82%pa;• Index Provider fee (Deutsche Börse AG)=0.12%pa• Risk/reward compensation: moderate

FINANCIAL FIX: NOMURA GLOBAL PROPERTY 80% PROTECTED FUND



Hypothetical performance of the fund – Lock-in amount and Fund's NAV Oct. 2006
Source: Nomura International plc.

Focus: The fund makes a notional investment in a protected portfolio, which is comprised of: an underlying asset (Nomura Global Property Index*), which provides the potential return + a reserve asset (cash holding), which provides the capital protection feature. As the level of the protected portfolio increases - the exposure to the NGP Index is increased by selling reserve assets in order to buy more units of the NGP Index. Should the level of the protected portfolio decrease the exposure to the NGP Index is decreased by selling some of the NGP Index units.

Strengths: provides exposure to global commercial property markets; contains downside risk by maintaining a value, at least equal to 80% of the highest ever value of the fund's portfolio; daily liquidity; active portfolio management: quarterly regional overlay

Weaknesses: if, at any time, the net asset value of the Fund falls to the profit lock-in amount, thereafter, it will have no exposure to the property markets and could eventually lead to its termination. Fairly high correlation to MSCI World Total Return Index

Opportunities: The construction and real estate industry is experiencing rapid growth around the world - supported by young, growing populations, especially in emerging economies

Threats: confined to global commercial real estate

Risk Assessment

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

- | | | | |
|--|-----------|--|-----------|
| • Ability to track and control risk posed by underlying (Nomura Property Index*) | □ □ □ ■ □ | • Underlying**'s sensitivity to interest rate fluctuations and at the overall fund level | □ □ □ ■ □ |
| • Diversification achieved by underlying*=
Geographic level | □ □ ■ □ □ | • Relevance of currency related risk borne by fund constituents in the underlying* | □ □ □ ■ □ |
| Manager level | □ □ ■ □ □ | • Relevance of leverage related risk borne by fund constituents in the underlying* | = 0 |
| Sector (conc. - commercial property) | □ ■ □ □ □ | At fund level | = 0 |
| • Avg. correlation among the fund constituents in the underlying* | □ □ □ ■ □ | • Relevance of macro economic risk at the fund constituent level | □ □ ■ □ □ |

Performance Parameters

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

- | | | | |
|---|-----------|--|-----------|
| • Ability to identify index constituents | ■ ■ ■ ■ □ | • Ability to deliver targeted returns in:
A rising | ■ ■ ■ ■ ■ |
| • Conditions that would trigger a replacement in the underlying's * constituents:
<i>Major valuation concerns, excessive redemptions, significant managerial changes or other due diligence concerns</i> | | Falling | ■ ■ ■ ■ □ |
| • Ability to deliver uncorrelated returns to:
Nomura Global Property Index correlation to equities (0.51) | ■ ■ ■ □ □ | Sideway trending markets | ■ ■ □ □ □ |
| Nomura Global Property Index correlation to bonds (0.04) | ■ ■ ■ ■ ■ | • Suitability to:
inclusion in a conservative portfolio | ■ ■ ■ ■ ■ |
| | | inclusion in a balanced portfolio | ■ ■ ■ ■ □ |
| | | inclusion in an aggressive portfolio | ■ ■ ■ □ □ |
| | | • Annual expense ratio to be expected | ■ ■ □ □ □ |

Outlook

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

- | | | |
|---|---|--|
| • Scope for an infrastructure index certificate | ↗ | • Barriers to entry: <i>moderate to high</i>
<i>Expertise, network, securing deal flow</i> |
| • Fund's ability to deliver targeted annual returns:
Over 3-5 years <i>moderate</i> Over 5-7 years <i>moderate to high</i> | | • Conditions that would lead to the NAV of the Fund reaching the profit lock-in amount: <i>Severe global recession; liquidity crunch</i> |
| • Max. capacity that can be managed: <i>currently not constrained</i> | | |

Investment Insights

Fund's targeted annual net return: 10-15%
Fees: annual management fee: 1.5%
Target audience: *broad based, long term investors*
Level of complexity: *moderate*
Fund offers: *asset diversification*
To optimise returns, recommended avg. holding period: 5 - 7years
Available to investors: *globally*

Base currency *USD*
Currencies the fund is available in: *USD, EUR, NOK, SEK, GBP*
Liquidity provided: *daily*
Transparency provided: *fairly high*
Awards: *What Investment's Product of the Month for January07 - by receiving a five star rating from a jury of IFAs-(it is only the third product to receive five stars in the last 25 years)*
Risk/reward compensation: *fairly high*



PRACTITIONER'S POINT: LIFE SETTLEMENTS

Brian Holland is director of policy acquisition, Globalvest Limited. US based, he has been in the policy acquisition sector of the life settlement industry since 1994. As a top producer and former president of the largest life settlement brokerage in the US he has 30 years of expertise in this field and

Alessandro Beretta, Partner Globalvest AG Switzerland, has 22 years of experience in the insurance market

What is meant by "life settlements" and how can one invest?

An allocation to the US Secondary Market policies also known as "life settlements" entitles an investor to acquire the right to the maturity value of the life insurance policy. In doing so, an investor takes over the payment of the ongoing premiums on behalf of the insured person and receives the insurance sum upon that person's death. This insurance sum will be payable in any event, with the exact liquidity date as the only variable.

In order to participate in the secondary market, investors can turn to a settlement company that acts as a link between sellers and investors. The company manages the procurement, review and sale of policies as well as the payout of the insurance sum.

"Precision in evaluating an insured's life expectancy is what ultimately determines the return on investment". Elaborate.

Although it is possible to calculate the annual yield from the date of the investment on the basis of the forecasted life expectancy, it is the actual date of payout that will determine the return on investment. When the insured "survives" the forecasted life expectancy, the annualized return will be lower; upon early maturity, it will be accordingly higher. The actual date of payout may thus be prior to or after the forecasted date, depending on when the policy matures. Experience shows, policies with long maturity periods are more likely to mature early and this generates a higher yield than short-term policies.

"Given the vast improvement in medicine - the terminally ill can expect to and are living longer than was anticipated at the time of acquiring the policy (crudely put a life settlement firm could actually be financing health insurance to keep a patient alive that they anticipated would be dead)"

Are life settlement firms allowed to abandon policies?

Globalvest does not purchase policies that insure terminally ill individuals and has not and will not abandon a policy.

Who and how is the "fair price" of a policy determined?

The marketplace determines the fair price for a policy based on factors such as: age and medical condition of the insured, type of insurance policy held, rating of the issuing insurance company and amount of premium payments required to keep the life insurance policy in force. The life settlement marketplace is very competitive and the vast majority of policies are presented to multiple brokers and provider companies in an auction style bidding process.

When acquiring a policy what determines the settlement amount? When is it likely to be 25% and when is it more likely to be 80%?

The longer the life expectancy and the higher the premiums - the lower the settlement amount tends to be.

"For 75% of the secondary market life insurance policies, the person insured is already 70 years or older" and "5% of US citizens are aware they can see their policies in the US."

a. Sounds like a captive market? Is it?

The 2006 Conning Report on life settlements estimates the size of the US life settlement market at USD188 bn. In 2004, policies worth USD 3.5bn policies were sold, which rose to USD5.5bn in 2005 and is estimated at USD13bn for 2006.

b. How stiff is the competition from other life settlement firms?

This is an ever increasing and extremely competitive marketplace – we believe there are 100 broker firms and 20 settlement firms.

c. What about exploiting opportunities outside the US? (are there legislative/regulatory etc. constraints?)

While there may be US designed and issued life insurance policies available outside the US, currently, the size of the US life settlements market eliminates the need to explore opportunities overseas.

How would/do life settlement firms react:

"If insurance companies began offering surrender values adjusted for health impairments?"

US life insurance companies already offer many of their clients an "Accelerated Death Benefit" if they are terminally ill, but the qualification parameters are narrow for the insured. However, if an insured person qualifies for such a benefit he/she should choose it unless a life settlement company is able to exceed the amount offered by the insurance company. Since Globalvest does not purchase policies from terminally ill individuals, this is a non issue for us.

Legislative changes in US laws could result in life insurance companies offering larger surrender values based on declining health. Each life insurance policy currently in force is a contract between the owner and the insurance carrier and each contract specifically states the surrender charges to be levied against any cash value in the policy: this is what determines the cash surrender value and if there was any change in the law it is highly unlikely that these existing contracts would be affected by these changes.



PRACTIONER'S POINT: LIFE SETTLEMENTS

What are the risks borne by an investor?

The life expectancy forecasts of a specialized institute are not a warranty. Incorrect appraisals, medical progress or other unforeseeable events may alter the actual life expectancy of the insured. With regards Globalvest, at no time has a B+ or higher rated American life insurance company defaulted on a death benefit, however low the risks, the possibilities that an American insurance company could become insolvent and default on a death benefit at the time of maturity.

Example for the functionality of the GLOBALVEST Life Settlement-INDEX

In the first quarter of a year the GLSI is 925. That equals an annualized yield of 9.25%. An investor signs for a \$ 100,000 investment sum. The projected LE is determined at 48 months (4 yrs.) The investor receives a 100% repayment of his investment plus a yield of 37 % (4 x 9.25 %). Thus the investor will receive a total return of \$ 137,000.

1st quarter: GLSI is 925

investment sum	US-\$ 100.000	life expectancy	48 months
annualized yield	9.25 % *	total return	US-\$ 137,000

*at life expectancy

In the second quarter the GLSI is 950. That equals an annualized yield of 9.50 %. Thus an investor that signs for the same face amount for 48 months as well, will receive a total return in the amount of \$ 138,000.

2nd quarter: GLSI is 950

investment sum	US-\$ 100.000	life expectancy	48 months
annualized yield	9.50 % *	total return	US-\$ 138,000

*at life expectancy

Source: Globalvest Ltd. (LE stands for life expectancy)

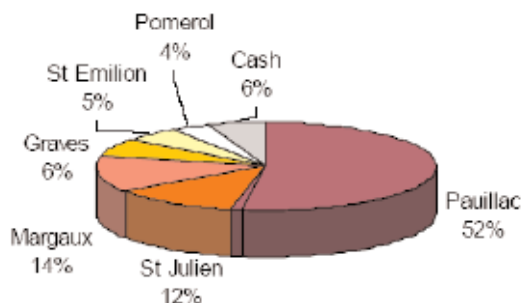
In order to make the market more transparent Globalvest developed the Globalvest Life Settlement Index -GLSI. The life settlement market, like every other market - stocks, fixed income commodities etc. acts dynamically. The policy prices too, are determined by supply and demand. Globalvest always has the required "buying power" to track down and acquire premium quality policies. GLSIs are calculated quarterly.

In the aftermath of the Conventry Group debacle – there is talk of a full disclosure model. What does this entail and how long would it take to implement?

Although there has been talk of this for some time now, the Conventry debacle has brought the issue relating to disclosure of broker commissions back under the spotlight. It is a complicated issue to address as each of the 50 states in the US has its own insurance department. The National Association of Insurance Commissioners (NAIC) will probably address this issue in the near future and provide guideline legislation through a model act: which each state would review and implement.

FINANCIAL FIX: FINE WINE FUND

The Fine Wine Fund by appellation



Source: Fine Wine Fund

Focus: Opportunity to invest in the Top 40 Chateaux of Bordeaux (only investment grade vintages)

Strength: Fine wine expertise; stock picking; portfolio composition

Weakness: size of underlying wine market, ideally suited to long term investors

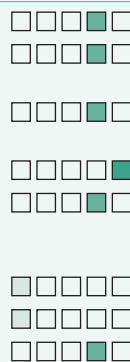
Opportunity: so far the wine market has been dominated by the presence of wine merchants and individuals – there is scope for professional fund managers

Threat: Competition from other wine funds

Risk Assessment

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

- Ability to identify wines that will appreciate
- Ability to secure **those wines**
- **Wine consultant: Steven Spurrier, one of UK's pre-eminent wine critiques**
- Established network:
- Risk that wine in cellar falls out of favour: **virtually none**
- Existence of a secondary market for fund's wines
- Ability to recover risk premium paid plus lock in profit for wines in stock
- **Average yearly turnover of wine stock: below 10%**
- Wine hedge fund competition – **moderate**
- Storage related risk
- Currency risk
- Key man risk



Performance Parameters

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

- Avg. no. of wines that back the fund at any given time: **75 stocks in the portfolio**
- Expertise in constructing wine fund portfolio = ■■■■
- (eg. **research led choice to be over weight in '86s**)
- Diversification achieved by wines:
- Geographic: ■
- By vintage; 13 vintages: ■■■■
- By brand/mark – 20 different brands: ■■■■
- Ability to identify opportunities: ■■■■
- value in a quarter) ■■■■
- Ability to put cash to work: ■■■■

- Ability to deliver uncorrelated (to the major asset classes) returns
- Equity: ■■■■
- Bonds: ■■■■
- Gold: ■■■■
- Ability to deliver targeted returns in:
- A rising = ■■■■
- Falling = ■■■■
- sideway trending markets = ■■■■
- Suitability to: inclusion in a conservative portfolio: ■■■■
- inclusion in a balanced portfolio: ■■■■
- inclusion in an aggressive portfolio: ■■■■

Outlook

- Fund's outlook on investing in the space: **upside potential**
- Fund's ability to deliver targeted annualised returns 14% over 5+ year period: **good**
- Barriers to entry: **expertise in selecting wine + structuring wine portfolios + financial management skills-market discipline**
- Do wine investments display cyclical behaviour **In their segments, prices consistently appreciate with time**
- Conditions needed for the fund to outperform: **bull market**
- Conditions needed for the fund to under perform: **recession**
- Max AUM. current manageable capacity **GBP50ml**

Investment Insights

- Target audience: high net worth individuals
- Level of fund's complexity: low
- Fund offers: long term capital growth
- To optimise returns, recommended avg. holding period = 5+years
- Available to investors: globally
- Base currency of the fund: GBP

- Liquidity provided: quarterly redemptions and a penalty fee applicable for redemptions (in first year 10%, second year 5%) in the first two years
- Transparency of portfolio provided: fairly high
- Registered with: FSA
- Fees = 2% -15% (high water mark)
- Tax benefits accruable to: UK individual
- Risk/reward compensation: satisfactory