

NATURAL RESOURCES

Focus:

The fund invests principally in natural resource and other commodity related funds pursuing primarily relative value and/or arbitrage strategies. The active management approach adopted allows the fund to capture short-term investment opportunities.

Strengths:

Strategy has been constructed to recognise, reflect and exploit, actively - the diversity of underlying managers available within the natural resources fund universe.

Weaknesses:

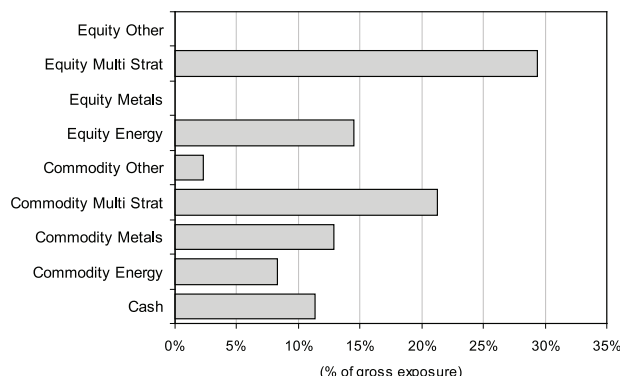
The fund is likely to experience sub-optimal performance during sustained periods of deflation and/or low growth. Additionally, whipsawing and/or oscillating markets often make trading more difficult and generally detract from overall performance.

Opportunities: Offers diversification to some traditional and alternative investments - the use of an active approach could provide superior risk adjusted commodity returns.

Threats:

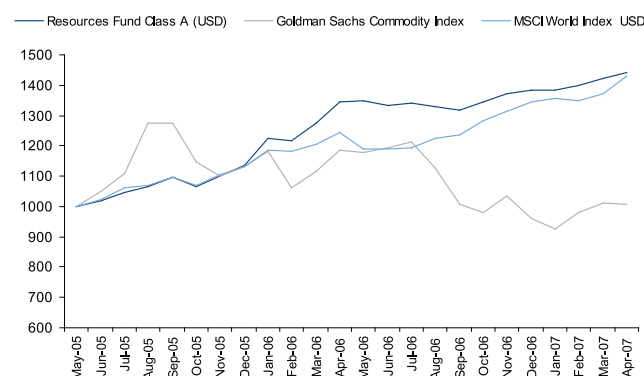
Although the fundamentals for many commodities are still bullish it is unlikely that spot prices will continue to appreciate at the same rate as in recent years. In addition, the term structures of many commodities are deeply in contango, giving rise to negative carry when contracts are rolled. Therefore the first two, and most important, sources of return are not as attractive as they have been. To quantify this, the negative carry for some commodities is as high as 20% per annum, which requires spot prices to increase by the same amount to merely offset this.

ERMITAGE RESOURCES FUND



Strategy Breakdown

Source: Ermitage Asset Management



Cumulative Performance of USD 1000

Source: Ermitage Asset Management

Risk Management

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

Fund's major risk:

Investment and trading risk

Sub-optimal manager selection illiquidity at underlying manager level
Concentrated underlying (manager risk)

- Ability to identify natural resource fund: □ □ □ ■ □
- Ability secure allocation with such funds: □ □ □ ■ □
- Due diligence expertise: □ □ □ ■ □
- Portfolio construction skills: □ □ □ ■ □
- (conc. - no room to manoeuvre when the tide turns) □ □ □ ■ □
- Avg. correlation between positions: 0.4

- Expertise in exploiting/containing volatility risk: □ □ □ ■ □
- Market risk sensitivity: □ □ ■ □ □
- Manager related risk: □ ■ □ □ □
- Event risk: □ ■ □ □ □
- Currency risk (as applicable to underlying): □ ■ □ □ □
- Leverage risk: □ □ □ □ □
- Competitor related risk: □ □ ■ □ □
- Key man risk: □ ■ □ □ □

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Performance Parameters		■=insufficient	■ ■=adequate	■ ■ ■=satisfactory	■ ■ ■ ■=good	■ ■ ■ ■ ■=outstanding
• Positions currently in the portfolio:	16					
• Efficiency achieved in putting investor cash to work:	■ ■ ■					
• Diversification:						
• Based on commodities represented:	■ ■ ■ ■					
• Based on actual commodity allocation:	■ ■ ■					
• Asset class focus (commodity related equities + fixed income, direct commodities, combination)	■ ■ ■ ■					
• based on investment strategy (discretionary, systematic, hybrids)	■ ■ ■ ■					
• Investment style (relative value, directional, volatility trading and market neutral)	■ ■ ■ ■					
• By time horizon (intra-day to long term trend following)	■ ■ ■ ■					
• Geographic focus:						■ ■ ■
• Ability to perform under different market conditions:						
• Rising :						■ ■ ■ ■ ■
• Falling :						■ ■ ■
• Sideway trading:						■ ■ ■
Correlations (avg. since fund's inception) to:						
• stocks: S&P 500						0.50
• bonds: JP Morgan Global Govt. Bond index						- 0.10
• commodities: GSCI						0.60
• hedge funds: HFRI						0.40
Since inception, consistency in delivering targeted returns:						■ ■ ■ ■ ■

Outlook	↑ upside potential	↗ upside to range bound	↻ range bound	↘ range bound to down	↓ downside potential
Define the barriers to entry: Expertise					
Outlook on investing in the natural resources space:	↑				
Scope for a fund like Ermitage Resources Fund:	↑				
Fund's ability to deliver targeted returns over the next:					
• 12 months :					↗
• 1-3 years : or low growth - can't be ruled out over the next 1-3 years:					↗
• 5 years:					↑

Investment Insights	
• Fund AuM: USD65mn	• Fund's base currency USD
• Funds targeted AuM: USD600mn (2007/08)	and other currencies it is available in: EUR, GBP
• This fund is primarily targeted at: institutions, pensions, endowments, fiduciaries, HNWI	• Fund complexity for an investor: fairly high
• To optimise returns recommended average holding period: 3 years	• Registered with: The Jersey Financial Services Commission ('JSFC').
• Investor related geographic restrictions: restricted to US pvt investors	Following application, it is anticipated that the C, D & E shares will be admitted to the Official List of the Irish Stock Exchange in May 2007