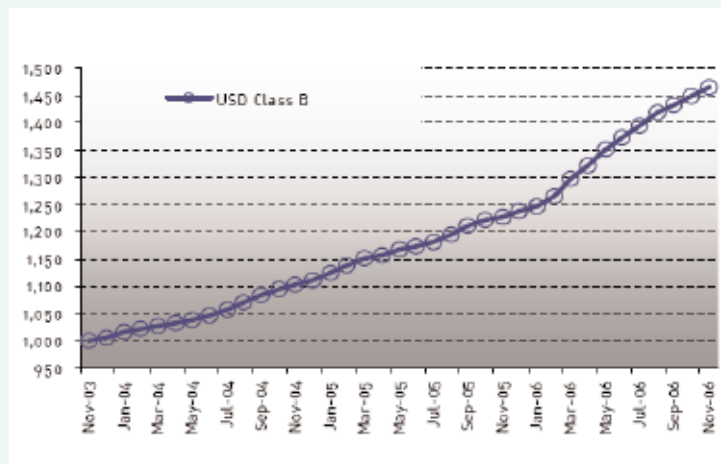


FINANCIAL FIX: YIELD ALPHA FUND



Yield Alpha : Track record

source: Basis Capital

Focus: Alternative fixed income specialist fund

Yield Alpha is a global collateralised debt obligation equity and mezzanine fund which employs a relative value and arbitrage approach to structured credit investing

Strength: provides access to high yield and lowly correlated asset classes that utilise securitisation technology to generate credit alpha. The management team at Basis Capital have expertise in evaluating structured credit opportunities with the executive directors each having more than 20 yrs of domestic and international fixed income experience

Basis Capital Funds Management Ltd (BCFM), is one of the largest investors in CDO equity securities globally – managing over 180 CDO equity securities with an aggregate value of over USD1bn).

Weakness: during a convergence, asset class starts correlating

Opportunities: quality of securities in Asia is improving; secondary market is rapidly evolving

Threat: a recession, systemic defaults

Risk

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

Ability to identify mispriced securities: □□□□■

Ability to evaluate and invest for relative value across the capital structure: □□□□■

Ability to identify key drivers of default risk and recovery: □□□□■

Ability to evaluate underlying collateral and manage risk posed, systemic factors: □□□□■

Positioned to defend the portfolio from increasing default risk: □□□□■

Robustness of portfolio in times of a "spread blow out" scenario: □□□□■

Recovery expectation of defaulted collateral in above: □□□□■

Average credit rating of portfolio: BB-

Positioned to cope with credit migrations: □□□□■

Liquidity risk: □□□□■

Is managed by 20% holding in liquid assets; diversification; redemption gate insulates from having to be a forced seller of securities (additional credit lines and credit terms)

Leverage risk at fund level: □□□□■ one-year credit terms lowers leverage risk

Hedging costs: 1% of performance

Key man risk: □□□□■

Performance Parameters

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

Avg. no. of positions in the portfolio: 88 deals across 51 managers

Diversification achieved across:

Country: > 20 = (approx. 70% invested in the US) ■■■■

Sector: >30 ■■■■

Underlying obligor: >2000 ■■■■

Correlation among assets: structured credit assets are correlated to the underlying credit assets within fixed income to some extent; while CDO equity is relatively uncorrelated to the other asset classes

Fund performs well under: normal market circumstances and stressed environment

Fund underperforms. in a higher than expected credit default environment

Suitability to inclusion in a conservative (core) portfolio: ■■■■

In a balanced portfolio: ■■■■

Transparency provided: high

Outlook

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

Scope: ↗

Barriers to entry: moderate (expertise, network)

Ability to deliver uncorrelated returns to

Stocks: high

Bonds: high

Hedge funds: high

Commodities: high

In times of a convergence - correlations may vary

Fund's ability to deliver returns:

Over the next 12 months: high

Over the next 3-5 years: high

Fund can manage: AuM: USD 1bn

FINANCIAL FIX: YIELD ALPHA FUND

Investment Insights

Targeted net annual returns: **LIBOR +600**

Level of complexity for an investor: **high**

Recommended holding period to optimise returns: **a min. of 3-5 years**

Available to investors: **globally**

Base currency: **USD**

Other currencies: **AUD, EUR, NZD, JPY**

Liquidity: **redemptions quarterly -90 days notice (30 day option available)**

Fee: **Class A - 2% management fee; 20% performance fee**

Class B - 1% management fee; 20% performance fee (two year lock -up)

Investment manager is regulated by: **the Australian securities industry and pension fund regulators**

Rating: **Standard & Poors (rating on Australian twin, of Yield Alpha). Five Star Rating 2006, 2005, 2004, 2003**

Awards: **Asia Hedge Awards – Fund of the Year – Fixed Income 2006, 2005**

Maquarie Bank Research Skilled Manager of the Year – 2005, 2004