

FINANCIAL FIX: SAGE CREST II

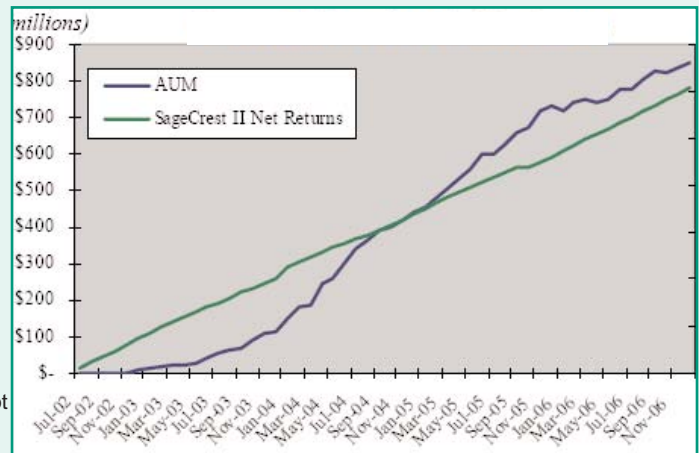
Focus: The fund's managers run a diversified portfolio of investments by participating in and originating small to middle market loans in overlooked and undervalued niches. Target sectors include consumer, asset-backed, and corporate obligations, as well as specialty finance, real estate and other markets offering high yield opportunities. All potential investments tend to be evaluated as "buy to hold" or value investments which would fit portfolio objectives if held until maturity. The annualised net annual returns (as per Feb. 2007): 10.84%

Strength: Diversification of portfolio, experience and depth of investment team; no down month since inception

Weakness: Fraud can never be completely eliminated; one year lock up

Opportunities: The managers currently see strong demand from borrowers - consolidation of the banking and specialty finance sectors have left smaller private companies without access to debt financing

Threats: Deconsolidation of the banking sector



Fund's returns since inception

Source: Windmill Management LLC

Risk Assessment

☐ = low ☐ = low/moderate ☐ = moderate ☐ = moderate to high ☐ = high

Major risk: is fraud- t'is controlled by due diligence, experience, background checks, portfolio diversification, collateral and constant monitoring of borrowers

Ability to detect default risk (through the transparency provided and monitoring of borrowers): ☐ ☐ ☐ ☐ ☐

Ability to detect fraud (this drives the manager's due diligence): ☐ ☐ ☐ ☐ ☐

Diversification achieved in terms of collateral securing the loan: ☐ ☐ ☐ ☐ ☐

Ability to "correctly" value and gauge liquidity of the underlying asset: ☐ ☐ ☐ ☐ ☐

Importance allocated to reviewing the contingency clause of loans: ☐ ☐ ☐ ☐ ☐

Ability to recover full value of collateral in case of a default: ☐ ☐ ☐ ☐ ☐

LTV ratio: ☐ ☐ ☐ ☐ ☐

Efficiency achieved in putting capital to work: ☐ ☐ ☐ ☐ ☐

Leverage risk: (credit cost is relatively minimal): ☐ ☐ ☐ ☐ ☐

Currency risk: ☐ ☐ ☐ ☐ ☐

Key man risk: ☐ ☐ ☐ ☐ ☐

Performance Parameters

☐ =insufficient ☐ =adequate ☐ = satisfactory ☐ = good ☐ = outstanding

Currently the fund had 52 issuers in its portfolio

Access to deal flow: ☐ ☐ ☐ ☐ ☐

Ability to secure loans with varying maturities: the typical length is 12 to 18 months but can range from 45 days to 3 years

Avg. loan duration: 18 months

Diversification by:

Geography: US concentrated

Sectors: 15

Instruments used include: senior secured debt, subordinated secured debt, mortgage obligations, consumer instalments contracts and corporate receivables

Investment layout: no more than 25% in an investment sector

Ability to perform in a rising interest rate environment: ☐ ☐ ☐ ☐ ☐

Ability to perform in a falling interest rate environment: ☐ ☐ ☐ ☐ ☐

Since inception consistency in delivering targeted net annual returns: ☐ ☐ ☐ ☐ ☐

Outlook

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

Funds outlook on the space: Due to high deal flow the space remains attractive ↑

Funds ability to deliver targeted annual returns over:

The next 1 year ↑

The next 3-5 years: ↑

Barriers to entry: define: It is easy to make loans, but difficult to make the right ones

Conditions for the fund to outperform: continuing consolidation of banking and finance sectors

Conditions for the fund to under perform: flood of capital into markets, deconsolidation

Competition in the space: low

Ability to deliver uncorrelated returns: high

Investment Insights

Target audience: Institutional and family investors

Level of complexity for an investor: low

To optimise returns, recommended avg. holding period: min 12 months

Geographic access: global

Base and other currencies fund is available in: USD

Fund offers (USP): consistent uncorrelated returns

Liquidity provided: quarterly with 60 days notice, one year lock up

Fees: management 1.5% and performance 20%

Transparency provided: willing to provide a high level of transparency depending on the client's needs

Registered with: SEC