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**Attention: XXXXXX
XXXXXXXX**

**YOUR REF: XXXXX
FLSS REF: XXXX
Wednesday, 21 September 2011**

Dear XXXXX,

Thank you for your instructions. FLSS wish to provide the following report;

NAME	
ALIAS	
COUNTRY	
EFFECTIVE DATES	
ADVISEMENT NOTICES	
DATE OF LAST FLSS REPORT	No previous FLSS report

**DUE DILIGENCE REPORT
CHECK LIST**

The Subject Company's current marketing materials -	
The Fund's offering and subscriptions documents for onshore and offshore funds	
Fund's due diligence questionnaire	
Fund's audited financial statements since inception (onshore and offshore)	
Monthly performance track record since inception	
Breakdown of the firm's assets under management by funds and managed accounts	
Copy of recent portfolio (within last 6 month), including a description of securities & quantity of shares held. If possible, receive it directly from the prime broker/custodian	
Company's organizational chart	
Names and phone numbers of contacts at service providers	
Access to website	
Two professional references on each principal	
A copy of the most recently filed Form ADV (if the company is Registered Investment Advisor)	
Copy of fund's code of ethics, compliance manual, and annual compliance review	
Copy of most recent SEC audit with response letter (if applicable)	
Schedule a site visit with CFO or COO to discuss operational infrastructure of the firm	

FUNDS DETAILS

Name of Fund	
Management Company	
Portfolio Manager(s)	
Address	
Phone Number	
Fax Number	

Website (including login details)	
Chief Executive Officer	
Key Contact Person	
Hedge Fund Style	
Assets Under Management	
Years of Operation	

INVESTMENT STRATEGY

The investment strategy employed in the fund are	
The financial instruments traded in the fund are	
The fund's geographical focuses is	
The portfolio's exposure is determined by	
The fund's target return is	

HISTORICAL RETURNS & STATS

Historical returns & stats	
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ASSETS UNDER MANAGEMENT

DATE	
FIRM	
FUND	

AUDITED FINANCIAL STATEMENTS

The auditing firm's opinion	
Verification of the fund's historical track record	
Historical or recent changes in the fund's structure	
Verification that the fund is in compliance with the terms outlined in the private offering documents (fees, expenses, classes of shares, strategy, etc.)	
Review of the condensed schedule of investments	

KEY PERSONNEL

The biographies of principals and key management are	
References on principals (which include contact name, title, firm, address, phone, & email)	

Background checks on managers (verification of education, employment, litigation)	
The ownership structure of the company is	
The fund's principals invest their own money in the fund – (yes / no)	
Other business involvements of the firm's principals	
Estimated professional time dedicated to other involvements	

DETAILS OF THE FUND TERMS

Minimum Investment	
Subscription (frequency, notice)	
Redemption (frequency, notice)	
Early Redemption Fee	
Management Fee	
Incentive Fee	
Other Fees	
Lock-up	
Hurdle Rate	
High Water Mark	
Leverage	
Exposure Limits/Position Limits	

FUND DETAILS

Details of the three largest withdrawals in the fund since inception (including date, percentage of equity, and the reasons for withdrawals)	
Total number of investors in the fund	
Percentage of ownership of the three largest investors in the fund	
Investor composition of the fund (institutional Investors, pension plans, endowments, high net worth individuals, etc.)	
Are there any investors currently receiving preferential treatment	
Does the fund use side letters	
Does the fund have soft dollar contracts	
Is there a soft dollar usage policy?	

FUND SERVICE PROVIDERS

Confirmation & references from each of the service providers below. Which Include contact name, title, address, phone, & email.	
Offshore Administrator	
Onshore Administrator	
Prime Broker/Custodian	
US Legal Counsel	
Offshore Legal Counsel	
Auditor	

REGULATORY REGISTRATION

Does the company, fund, or principals hold the following regulatory registrations	
Registered Investment Advisor (<i>If yes, request and review the latest filed Form ADV</i>)	
Registered Investment Company	
Broker Dealer	
Commodity Trading Advisor	
Commodity Pool Operator	
Futures Commission Merchant	
Introducing Broker	
Other	
Details of private or public investigations by the SEC, NASD, CFTC, NFA, exchanges, state authorities, foreign authorities, or other governmental or regulatory authority	

INTERNET SEARCH

Internet search for additional information about the fund, Management Company, and portfolio managers revealed -
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THE RISK FACTORS

The greatest risks to the fund portfolio and business?
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RISK CONTROL

How does the fund company measure risk	
Are options used in the trading strategy	
Are swaps, forwards, and/or futures used to hedge portfolio risk	
What is the maximum, average, and minimum position size as a percentage of capital	

What is the maximum, average, and minimum leverage	
Is the maximum ever exceeded	
What is the loss tolerance for a position	
Are strict stop loss rules employed	
What is the maximum, average, and minimum number of positions in the portfolio	
Is the maximum ever exceeded	
Does the firm calculate VaR for the portfolio	
Is the portfolio stress tested	
If so, how often is this done and what factors are examined	

OPERATION

How many trades does the fund execute per day	
List the executing brokers	
Are trades reported to the prime broker manually or via an interface	
Who executes and supervises daily trades at the firm	
What are the systems used in the front office, operations, and accounting	
Describe the trade allocation process	
Describe the daily trade reconciliation procedures	
Is there a written policy on error correction?	
If yes, obtain a copy	

VALUATION

Describe the security valuation	
How are the securities marked to market	
What method do they use	
What is the frequency of administrator's reconciliation procedures	
Does the administrator price securities in the portfolio to an independent pricing source	
Does the firm approve the NAV calculated by the administrator before it is sent out to investors	
Has the firm ever had to revise the NAV after it was final	
If yes, explain.	

ADMINISTRATION

Describe the internal control procedures for cash (who can move cash, including disbursement for expenses and redemptions)	
What internal records are kept, in what form are they maintained, and what security is in place for these records	
Describe the firm's disaster recovery plan	
How often are the firm's systems backed-up	
Does the company carry professional liability insurance	
Describe the firm's human resources department	
Describe the compensation structure	
Describe the firm's back office	
What are the possible conflicts of interest	
Does the firm have plans to launch any new funds	
Provide the fund name, inception date, strategy, AUM for all of the firm's funds under management	
Is there a compliance manual & code of ethics	
What are the personal trading policies	
What is the total number of employees at the firm	
What is the breakdown by department	
What has the employee turnover been like (departures and new hires) for the last three years	
Have there been any past, threatened or pending customer or other complaints, litigations, or administrative actions	
Are there branch offices or other locations	
If so, what functions are performed at these branches	

SITE VISIT

If a site visit is not performed, indicate what alternative procedures have been done to ensure existence of the fund operation.
Comprehensive list of talking points and due diligence questionnaire follow-up questions:

<p>Back Office Who is in charge of compliance? Establish details about the custody and security of assets. How is the relationships with their service providers</p>	
<p>Trading process & Portfolio Characteristics Interview the traders. What is the trade volume (daily/weekly/monthly)? Ascertain how many different exchanges they are trading on, and who has signing authority for the firm, funds, and trade settlements. (Is there a dependence on any key person?) Verify the approved broker/dealers and their policy on soft dollar arrangements. Finally, explore their safeguards against irregularities in trading.</p>	
<p>Valuation and NAV Calculation Discuss the valuation process and the sources used for pricing. If there are any illiquid securities, find out what percentage of the portfolio they make up and the guidelines that are used for pricing. Additionally, verify how they measure illiquidity risk.</p>	
<p>Interview the portfolio manager. Does he have override capabilities (when system based)? If leverage is used, who is the leverage provider? Finally, what time is the NAV calculated?</p>	
<p>Risk Management Ascertain facts about their risk philosophy, how risk is calculated, and how long it would take to exit of their positions. Find out if there is a risk committee and a description of the supervision of the traders.</p>	
<p>Performance Confirm how often performance is reported and who prepares the monthly performance? Ask for an example of a market environment that would be extremely difficult for the fund's strategy and what global factors impact the portfolio.</p>	
<p>Subscription & Redemptions Discuss the firm's new capital growth since inception and the number of investors gained or lost by year. What money laundering checks are in place?</p>	

<p>Legal and Compliance Meet the in-house general counsel and confirm the last time the firm was audited by a regulatory body (SEC, NFA). If there are any side letters, are they fully disclosed to all investors and do they entail preferential terms to an investor? Ask if there is professional liability insurance in place. If outsourced, how often is the legal counsel in the office?</p>	
<p>PPM & Marketing Materials Find out who in the industry the firm respects and who they do not want to be like. Inquire about the potential for any new funds in the near future.</p>	
<p>HR Meet with the head of human resources. What was the growth in personnel over the last year, and what is the anticipated growth in the future? Have there been any terminations over the last year?</p>	
<p>Establish by open discussion trader compensation and find out if there are any non-compete agreements. Are any portfolio managers located outside of the office, and has the firm ever operated capital under a different name?</p>	
<p>Miscellaneous Discuss the disaster recovery plan and find out if it has been tested. Are there any back up systems in place</p>	