



<b>Product Profile</b>	
<i>Fund Name</i>	ThomasLloyd Global Hedge Fund
<i>ISIN</i>	BMG25661941
<i>Investment universe</i>	Relative -Value Strategies, risk arbitrage, event-driven, volatility trading, distressed strategies und managed futures
<i>Benchmark</i>	n/a
<i>Base Currency</i>	EUR
<i>Earnings</i>	Accumulation
<i>Inception date</i>	01.03.2006 (managed account since May 2004)
<i>Fund Volume</i>	3.4m as 30.09.2007
<i>Performance Fee</i>	20% (Hurdle Rate: 3 Monats-Euribor mit High-Water-Marke)
<i>Management Fee</i>	1.0% as 1m minimum investment, 2.0% as 50.000 minimum investment
<i>TER</i>	1.4% by 1.0 % management fee, 2.4% by 2.0% management fee
<i>Fund Manager</i>	ThomasLloyd Global Asset Management (Americas) LLC
<i>Company</i>	ThomasLloyd Global Asset Management (Americas) LLC
<i>Internet</i>	www.thomas-lloyd.com
<b>Investor's Profile</b>	
<i>Investment horizon</i>	medium- to long-term (3 -5 years)
<i>Risk classification</i>	medium
<i>Return expectations</i>	the fund aims to consistently deliver high absolute returns over a medium- to long-term investment horizon
<i>Loss Tolerance</i>	short-term losses are possible

## TELOS Comment

*ThomasLloyd Global Hedge Fund* is a globally investing fund of hedge funds whose aim is to generate a positive absolute return. The fund management seeks in particular to benefit from Relative-Value-Strategies. It focuses closely on the individual fund managers and their approaches and methods, rather than on a particular strategy or style.

Although the orientation of the *ThomasLloyd Global Hedge Fund* is based on the Markowitz approach, it differs from this approach in its definition of the relevant risk as downside risk, this being entirely appropriate in view of the high volatility of its underlying asset class, hedge funds. As a result, fund volatility due to upside potential is not penalised. The core of the investment process is the selection of individual high quality fund managers during a comprehensive due diligence. The around 50 annual visits that are currently made to the offices of individual fund managers are critically important. The purpose of these visits is to check that the fund managers are implementing their published style and to assess their approaches and

methods. The transparency and quality of the risk management of a particular target fund is a key factor in the investment decision. The fund invests with fund managers whose approach is complex, and consequently difficult to assess, only if the funds in question can still be valued.

The well qualified and experienced team has only been working together for a relatively short time. In addition, the orientation and approach in relation to some of the sub-processes that are relevant for portfolio management have only been established and implemented over the course of the last year. Viewed overall, the procedures are a good reflection of the underlying investment characteristics and the portfolio management objectives. However, fund stability remains to be demonstrated.

The fund is available in a number of different share classes. Since its launch, the fund has recorded significant growth, although no substantive statements can be made in relation to performance and other ratios, as historical figures are only yet available covering a relatively short time period.

The *ThomasLloyd Global Hedge Fund* is rated **AA-**.



AA-  
10/2007

ThomasLloyd  
Global Hedge Fund

## Investment Process

The *ThomasLloyd Global Hedge Fund* is managed by ThomasLloyd Global Asset Management (Americas) LLC, a subsidiary of the Thomas Lloyd Group plc. There are three key investment centres, involved in portfolio management: Zurich, New York and Vaduz, each of which has its own area of competence. The entire fund management is characterised by a team approach.

The investment philosophy is based on the view that no single Asset Manager is capable of simultaneously employing most of the best fund managers, but that an investor should be able to simultaneously profit from a number of successful portfolio managers. To achieve this, the fund invests primarily in individual hedge funds. Over the long term the fund aims to achieve sustainable above-average annual performance of around 20% with a volatility of 5% to 10% p.a.

It sets maximum limits for strategies (up to 20%), Single Funds (up to 10%), portfolio leverage (up to 4:1) and risk variables such as the VaR. It also invests exclusively in established managers, who primary profit from Relative-Value-Strategies. The fund manager should as a general rule have a five year track record and at least \$100 million of assets

## Quality Management

Continuous analysis of the risk profile of the funds investments, and calculation of their ratios, are integral components of the investment process. The performance contributions of individual components of the funds held within the *ThomasLloyd Global Hedge Fund* portfolio are identified through regular attribution analyses.

An investment committee, made up of members of the company's core units Research, Portfolio Management and Risk Management, is responsible for risk control at overall fund level. The committee

## Team

The staff involved in portfolio management have many years of investment experience. Several of the staff involved in the investment process have only been with the company since 2005 or 2006, although they have partly worked together since 2003.

The company is keen to keep qualified staff in the

under management. In addition, any manager with a negative Sortino ratio (performance ratio adjusted to take account of downside risk) is excluded.

The portfolio is concentrated on approximately 20 Single Funds, which have at present 11 Absolute Return Strategies. The portfolio is realized by a structured qualitative and quantitative investment approach. The first stage in portfolio construction involves a mainly quantitative filtering process, during which the investment universe of around 7000 fund managers is reduced in several stages to around 50. These managers are then included in a model portfolio, which is subsequently implemented as far as possible via selection of the individual managers. During this final stage, quantitative aspects such as recent performance are taken into account. However, the overall approach and the analysis of potential investments are highly quality-orientated. The portfolio managers pass investment decisions to a specialist order execution team. Investments are subject to continuous monitoring, which includes regular contacts with the individual fund managers, and in particular the risk associated with any style drift is analysed.

defines limits, for example in relation to the VaR and maximum leverage, although these limits may be altered by a simple majority decision of the committee. The portfolio is subject to continuous monitoring, including analyses such as stress tests, the concentration risk is examined and an appropriate tool is used to calculate a number of relevant risk ratios.

The Chief Risk Officer in the Risk Management & Compliance Unit supervises adherence to internal and external restrictions.

company by offering attractive remunerations. In addition to a competitive basic salary, staff receive a variable bonus linked to investment performance. In addition, a stock option programme is currently being set up.



## Investment Characteristics

Important external factors	Important control factors
Liquidity	-
Equity market (volatility)	-
Short term interest rates (level)	-
Short term interest rates (volatility)	-
Long term interest rates (volatility)	-

## Product History

### Monthly Returns\*

	2004	2005	2006	2007
Jan	NA	0.1	5.7	2.3
Feb	NA	4.5	0.4	1.8
Mar	NA	-1.2	2.7	0.5
Apr	NA	-3.8	-1.8	1.8
May	0.2	4.6	-2.4	1
Jun	3.5	4.4	-4.3	-0.2
Jul	0.5	6.3	-0.3	-1.3
Aug	3	1.8	0.1	-0.1
Sep	5.6	3.3	0	-0.1
Oct	2.2	-2.5	5.2	NA
Nov	5.2	3.2	0.9	NA
Dec	3.3	1	1.6	NA
<b>Fund</b>	<b>26</b>	<b>23.2</b>	<b>7.7</b>	<b>5.7</b>

\*  
Managed Accounts    Mai 2004 – Feb 2006  
Fund                      Mar 2006 – Aug 2007  
Estimates                Sept 2007

Statistics per end of Sep 07	1 year	2 years	3 years	5 years	7 years	10 years
Performance (annualised)	14.04%	7.55%	15.95%	-	-	-
Volatility (annualised)	5.53%	7.78%	9.07%	-	-	-
Sharpe-Ratio	1.82	0.46	1.32	-	-	-
Best monthly result	5.24%	5.69%	6.32%	-	-	-
Worst monthly result	-1.31%	-4.30%	-4.30%	-	-	-
Median of monthly results	0.94%	0.48%	0.97%	-	-	-
Best 12-month result		15.59%	34.79%	-	-	-
Worst 12 month result		1.42%	1.42%	-	-	-
Median of 12-month results		7.67%	14.04%	-	-	-
Maximum loss period	4 M	9 M	9 M	-	-	-
Maximum loss	-1.74%	-8.55%	-8.55%	-	-	-

### Fund vs. Benchmark

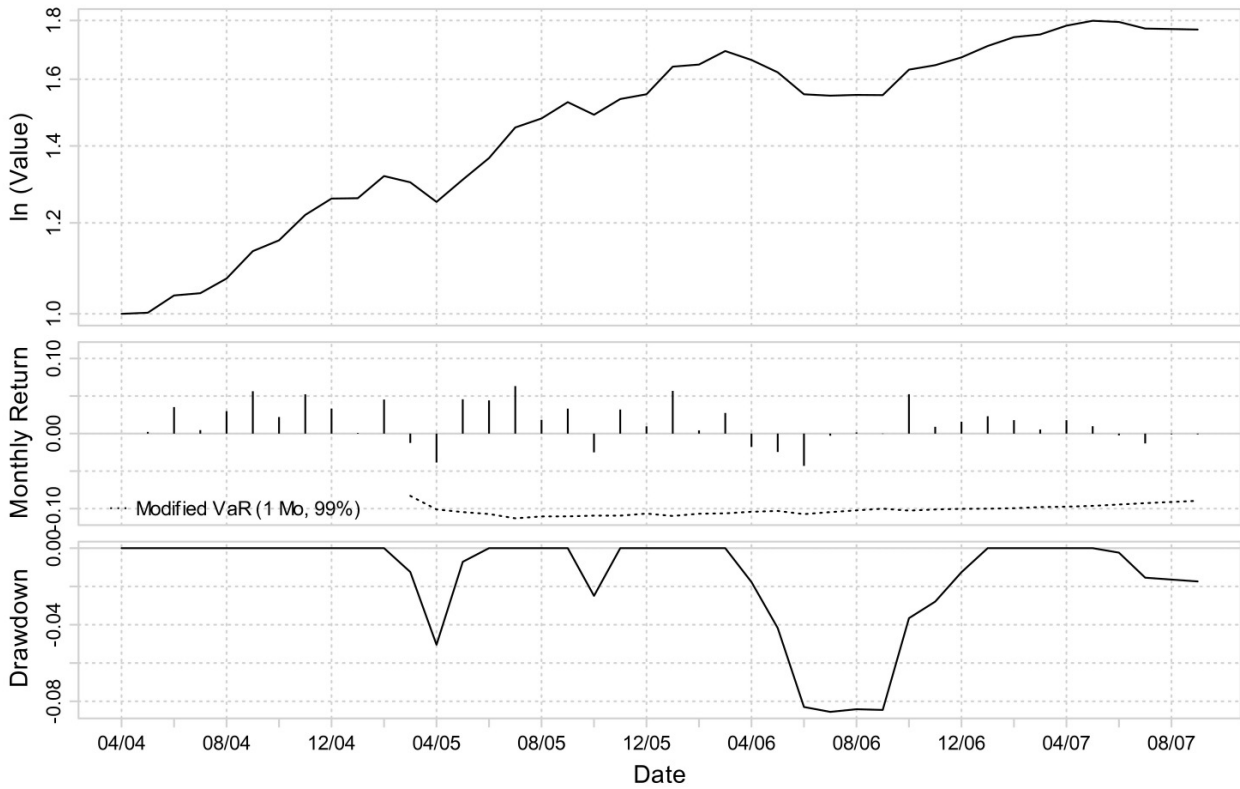
Jensen alpha	N/A
Beta	N/A
R^2	N/A
Annualized Alpha	N/A
Correlation	N/A
Tracking Error	N/A
Active Premium	N/A
Information Ratio	N/A
Treynor Ratio	N/A



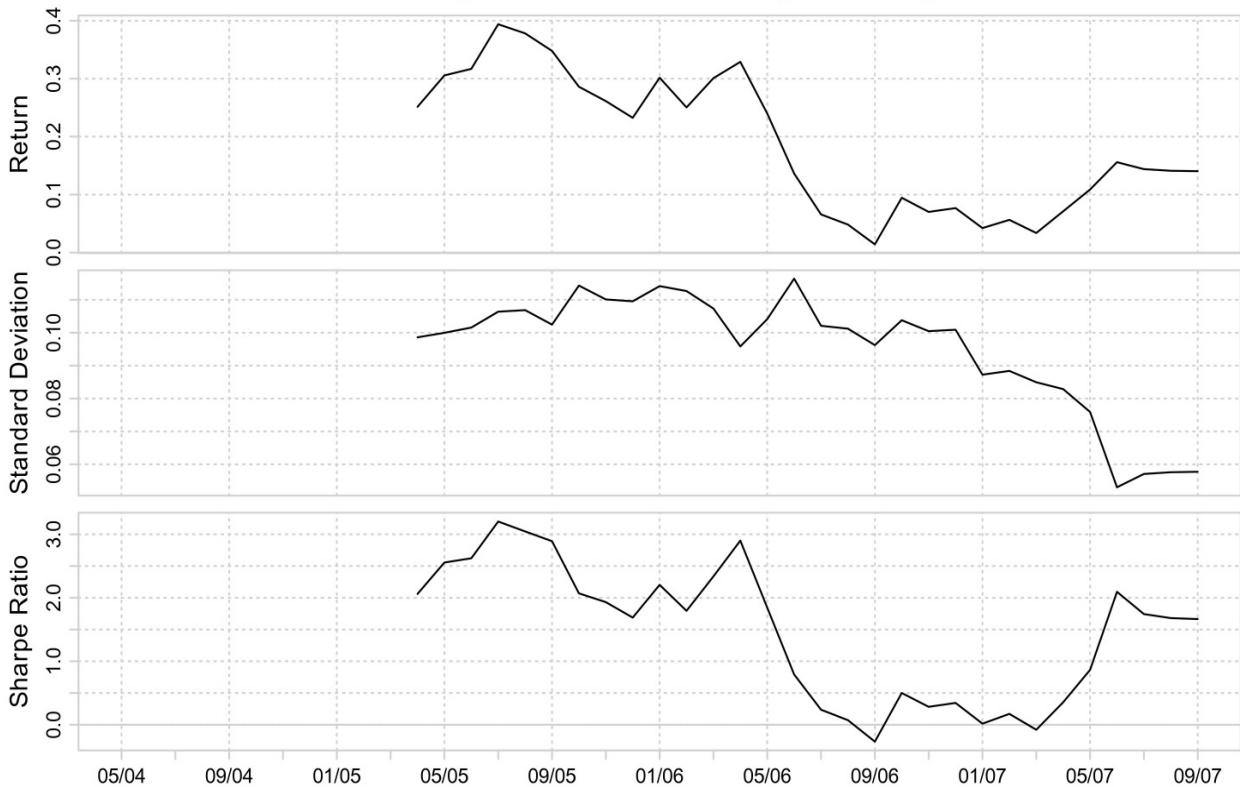
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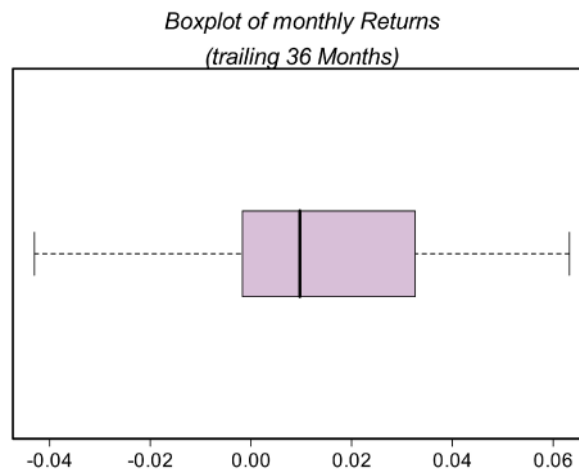
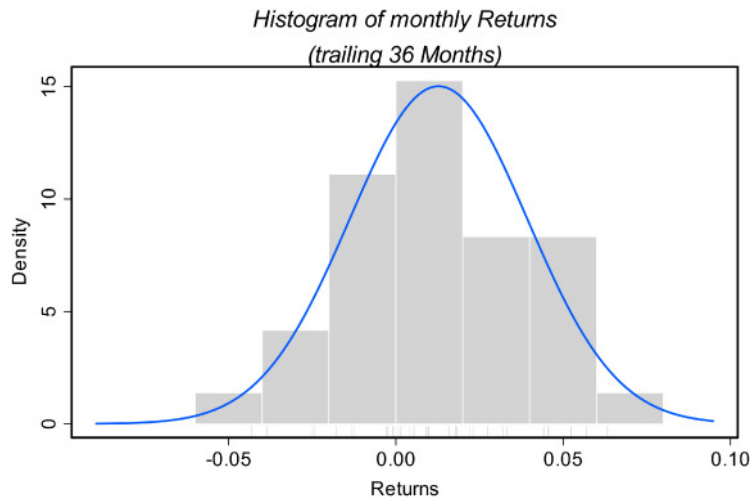
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### Performance



### Rolling 12-Month Performance (annualised)





## Explanations

The **Product Profile** contains general information on the fund, the investment firm, and the responsible fund manager.

The **Investor's Profile** enables the investor to quickly match his or her expectations with the "official" classification of the product by the investment firm.

The **TELOS Comment** section summarises the main insights of the rating and constitutes an important supplement to the rating grade. The subsequent sections contain descriptive information on the investment process, the quality management, and the responsible team.

The **Investment Characteristics** lists – from the point of view of the fund management – the most important external determinants influencing the performance of the fund, as well as the essential factors

employed for its control.

The **Product History** presents – by means of graphs and tables – the development of the fund in comparison with the money market and a benchmark (where appropriate) in respect of performance and risk criteria. All calculations are based on month-end data. Fund data and benchmark data are provided by the investment firm.

The *performance* of the fund is calculated based on reinvested prices: profit distributions are being invested in new shares of the fund immediately. Thereby, the performance of distributing and nondistributing funds is mutually comparable. This approach corresponds to the "BVI method" of performance calculation, advocated by the association of the German investment fund industry. If the fund management is guided by a *benchmark*, the perform-



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ance of the latter is shown as well. Otherwise, a suitable comparative index is chosen for illustration purposes – in agreement with the investment firm.

The *Sharpe Ratio* provides information about the “excess return” of the fund with regard to a risk free financial investment – here represented by the money market – as a proportion of the total risk taken. The risk free rate used in this report is 4%, and the *volatility* is the annualised standard deviation of the monthly returns.

The *median of monthly results* is characterised by the fact that half of all monthly returns occurring in the observed period are either at least or at most as large as this value. As a result, this measure is less sensitive to “outlier results” than, for instance, the mean (average) value of monthly returns. In an analogous way, the *median of 12-month results* should be interpreted. The *longest loss* period is the number of months needed by the fund in order to recover losses by reaching or exceeding a level that had been achieved previously in the period under consideration. If this level could not be reached again, the end of the period is used. Accordingly, the *maximum loss amount* is the largest loss which the fund suffered in the period under consideration – starting from the highest value reached earlier during this period.

*Jensen Alpha* measures the beta-risk-adjusted (cf. beta) outperformance of the fund versus the benchmark and is calculated using monthly returns. A pos-

itive value indicates the generation of added-value by the fund's management.

*Beta* is a measure of the fund's market risk exposure. A Beta larger (smaller) than one indicates that the fund will be more (less) volatile than the benchmark.

$R^2$  is the square of the correlation coefficient (cf. correlation). It is the measure of the quality of a linear fit on the fund's vs. the market's returns. It ranges between 0 (bad fit) and 1 (good fit).

*Correlation* is a measure of how the fund and the market move in relation to each other. Correlation ranges between -1 and +1. The extreme values i.e. -1/+1 indicate that the fund and the market always move in lockstep, for -1 in opposite directions, for +1 in the same direction. 0 indicates there is no clear relationship.

The *tracking error* is the standard deviation of differences between fund and benchmark returns. The lower the tracking error, the more closely the portfolio follows the index.

*Active Premium* or excess return measures the Out/Underperformance of a fund vs. its benchmark.

The *Information Ratio* is the active Premium divided by the tracking error. The higher the information ratio, the higher the active premium of the fund, given the same level of risk.

The *Treynor Ratio* is the active premium divided by beta. The Treynor ratio is a beta-risk-adjusted measure of excess return.

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