

**INVESTMENT GUIDELINES**  
**OF ALTIN (CAYMAN) LTD.**

**1 Definitions**

- 1.1 "Company": Altin (Cayman) Ltd., a company duly incorporated under the law of Cayman Islands.
- 1.2 "Assets": the assets of the Company within the statutory investment restrictions in accordance with the applicable law (e.g. Cayman Islands law).
- 1.3 "Investment Manager": the investment manager appointed by the Company.
- 1.4 "Investment Advisor": an investment advisor appointed by the Investment Manager.
- 1.5 "Fund Manager": a natural person or a legal entity managing an account or any sort of investment fund.
- 1.6 "Alternative Investment Fund or Managed Account": a fund invested in public or private securities, using leverage and financial contracts, such as derivatives.
- 1.7 "Investment Strategy": The following investment strategies aim to provide a low correlation of the investments to financial markets and economic conditions:  
*Macro, Managed Futures, Equity Long/Short, Equity Long Bias, Equity Short Bias, Event-Driven Strategies, Equity Arbitrage, Fixed-Income Strategies, Convertible Bond Strategies, Credit Strategies, Market Timing, Other Equity & Derivative Strategies, Other Credit & Derivative Strategies, Multi Strategy, Private Equity or Venture Capital Funds.*
- Definitions for these Investment Strategies are provided in *Appendix 1*.
- 1.8 "Private Equity or Venture Capital Fund": a fund investing directly in a significant way in young or start up companies.
- 1.9 "Investment Management Agreement": investment management agreement between the Company and the Investment Manager regarding the investment of the Company's Assets.

## **2 Investment Focus**

### **2.1 General principle**

2.1.1 Investment shall primarily, but not exclusively be undertaken (i) in Alternative Investment Funds or Managed Accounts (ii) Private Equity or Venture Capital Funds.

### **2.2 Alternative Investment Funds or Managed Accounts**

2.2.1 The Company's Assets shall be invested in Funds as defined in para. 1.6 above, that have demonstrated on the basis of in-depth analysis, to be managed by some of the most talented fund managers in a variety of different investment areas which are non-traditional.

2.2.2 The Company's Assets shall primarily be invested with Investment Funds as defined in paragraph 1.6 above, which are mainly but not exclusively composed of Investment Strategies listed in paragraph 1.7 above, and defined in *Appendix 1*.

The principal markets will entail equities, fixed income, foreign exchange and commodities. Geographically, the Investment Strategies will encompass markets in the US, Europe, Asia/Pacific and Emerging Markets. The Fund Managers have the ability to use all financial instruments and can leverage the Assets allocated to them.

2.2.3 The Company's Assets can from time to time be invested with Fund Managers having a long-only investment strategy or in other securities.

2.2.4 The Company will avoid holding large cash positions, but this is permissible as an exception.

2.2.5 The various techniques and methods that particular Fund Managers employ will be reviewed regularly. Each Alternative Investment Fund or Managed Account and its Fund Manager will be assessed to determine whether or not his track record is dependent on a trend, market cycle or the use of sustained leverage which may or may not obtain similar results in the future. The Investment Manager has the right to charge or pledge to one Fund Manager the Allocated Assets as security for borrowing by the Fund Manager provided that such charge or pledge is effected on a strictly limited recourse basis such that recourse shall only be held to the Allocated Assets and no recourse whatsoever can be held to any other Assets.

### **3 Investment Objectives**

- 3.1 The overall investment objective is to deliver capital appreciation of the Company's Assets in accordance with the investment focus as defined above.
- 3.2 The prime objective is to achieve a superior risk adjusted performance with a low annualised standard deviation per annum.
- 3.3 While it is recognised that individual Alternative Investment Funds or Managed Accounts may feature higher levels of volatility, reduction in volatility at the aggregate level of the Company's Assets will be achieved by selecting Alternative Investment Funds or Managed Accounts with differing Investment Strategies. Risk diversification will be achieved by investing the Assets of the Company in a number of different Alternative Investment Funds or Managed Accounts, thereby aiming to reduce the risk of the return of the Company's Assets being too dependent upon the success or failure of a single investment.

### **4 Investment Management**

- 4.1 Based on and in accordance with the Investment Management Agreement the Investment Manager shall (i) take the investment decisions, (ii) allocate the Assets to a number of Alternative Investment Funds and/or Managed Accounts as well as Private Equity respectively Venture Capital Funds, within the Investment Restrictions below and (iii) shall review at least twice a year the Asset allocation and the choice of Fund Managers.
- 4.2 The Investment Manager will use both qualitative judgement and quantitative techniques in the fund selection process.

### **5 Investment Restrictions**

- 5.1 With a view to ensuring diversification among the various Investment Strategies, the Investment Manager will invest the Company's Assets in at least 5 Investment Strategies in such a way that:
  - *The 2 largest Strategies represent each at least 10% of the Assets, and*
  - *The 3 remaining Strategies represent each at least 5% of the Assets.*
- 5.2 Exposure towards Long/Short Equity technology funds shall not exceed 30% (thirty percent) of the Assets.

- 5.3 Exposure to Private Equity and Venture Capital Funds shall not exceed 10% (ten percent) of the Assets. Should appreciation of the positions or depreciation of other investments cause this 10% (ten percent) limit to be exceeded, the Investment Manager will readjust the investment as soon as possible and in line with the liquidity provisions of the investment.
- 5.4 The Company will allocate capital primarily, but not exclusively, to Fund Managers who can demonstrate a minimum of three years proven track record, which shall be based on reliable and verifiable information, including annual audited accounts and performance data, or to Fund Managers who have otherwise shown a proven ability to alternative asset management.
- 5.5 No single investment with one fund or managed account shall exceed 15% (fifteen percent) of the Assets.
- 5.6 The aggregate exposure to one single company managing several funds in which the Company invests shall not exceed 20% (twenty percent) of the Assets. Should appreciation of the positions or depreciation of other investments cause this 20% (twenty percent) limit to be exceeded, the Investment Manager will re-adjust the investment as soon as possible and in line with the liquidity provisions of the investment.
- 5.7 No initial investment in any single fund will represent more than 10% (ten percent) of the Company's assets.
- 5.8 No allocation to any Fund Manager, Private Equity or Venture Capital Fund shall be made prior to conducting appropriate due diligence on such Fund Manager or such an enterprise.
- 5.9 Leverage is permitted up to a maximum 50% (fifty percent) of equity. This will comprise a maximum of 30% strategic leverage (leveraging for structural purposes) and a maximum of 20% tactical leverage (short-term financing to bridge liquidity requirements).
- 5.10 All and any percentages refer to the value of the Company's total Assets at the relevant moment in time.

**6 Change of the Investment Guidelines**

- 6.1 The present Investment Guidelines can be changed by the Company's Board of Directors in their sole discretion at any time.
- 6.2 A change of Investment Guidelines binds the Investment Manager as soon as he receives a written notice of the Company setting out the new Investment Guidelines.

Grand Cayman, 5 July 2007

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Francesco Rossi  
Director

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Miguel Gonzalez  
Director

## **Appendix 1 - Definition of Hedge Fund Strategies**

<b>"Credit Strategies"</b>	This strategy typically consists in the combination of long and short positions in credit related securities. The manager may invest in a broad set of securities as, for example, bonds, credit default swaps, convertible bonds and collateralized debt obligations. The main risk involved in these strategies is related to credit events.
<b>"Convertible Bond Strategies"</b>	This strategy typically involves taking long or short positions in convertible securities, typically, but not always in combination with positions in other financial instruments such as for example equities, debts, fixed income / credit / equity / volatility derivatives.
<b>"Event Driven Strategies"</b>	In Event Driven Strategies, the manager takes positions in companies involved in "special situations". The manager aims to take advantage of pricing anomalies resulting from corporate events like management changes, mergers & acquisitions, balance sheet restructuring, etc.
<b>"Equity Arbitrage"</b>	This strategy consists in taking long and short positions in stocks without supporting a significant market risk at the portfolio level. The manager aims to generate returns primarily by extracting alpha from his investment universe.
<b>"Fixed Income Strategies"</b>	This strategy typically involves long and short positions in fixed income securities, typically, but not always in combination with positions in other financial instruments such as for example debts, fixed income / credit / equity / volatility derivatives.
<b>"Global Macro Strategies"</b>	This strategy typically involves directional, divergence and convergence bets on the evolution of the major financial markets (bond, equity, currency and commodity markets). The investment process implemented by the manager relies primarily on a thorough top-down analysis, which conclusions are then implemented essentially through market indices.
<b>"Long/Short Equity Strategies"</b>	This strategy typically consists in the combination of long and short positions in equities. This strategy can be implemented on sector specific basis, country basis or global basis. The ratio of long positions to short positions can vary widely over time. From time to time, the managers of Long/Short Equity funds may decide to implement their strategies using other instruments than equities, such as financial derivatives and commodities such as, for example, precious metals.

<b>“Long bias”</b>	Relates to funds whose portfolio manager takes mainly long positions in equities.
<b>“Managed Futures”</b>	This strategy typically involves directional bets on the evolution of the major financial markets (bond, equity, currency and commodity markets) and is often mainly implemented by using futures contracts. Typically but not always, trades are initiated using models analyzing the formation and duration of trend in prices.
<b>“Multi-Strategy”</b>	Relates to funds implementing several strategies described in this section on an opportunistic basis without a particular bias. The manager has complete discretion in allocating the fund’s capital per strategy.
<b>“Short bias”</b>	Relates to funds whose manager takes mainly short positions in equities.
<b>“Other Equity &amp; Derivative Strategies”</b>	This strategy typically consists of long and short positions in stocks and equity derivative instruments.
<b>“Other Credit &amp; Derivative Strategies”</b>	This strategy typically consists of long and short positions in credit and credit derivative instruments.