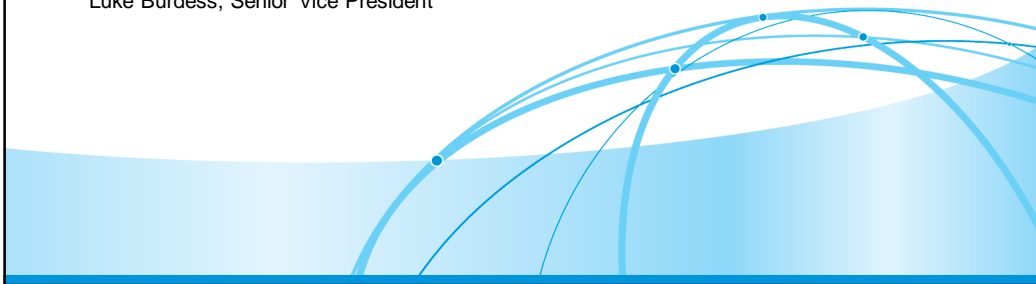




FRM Update

Greg Taylor, Director

Luke Burdess, Senior Vice President



Why FRM?

Experience, focus and alignment

- Experience – established 1991, manager since 1997, approximately USD15 bn AUM*
- Resources – over 40 specialised investment staff
- Global reach – investment staff on three continents
- Insight – 4,000 manager interactions per annum
- Focus – only business is fund of funds
- Investor alignment
 - Independently owned, with material employee share holdings
 - Remuneration policy driven by fund performance
 - FRM staff are significant investors in the firm's products
- Value addition comes from
 - High quality manager selection
 - Deep market understanding through specialisation
 - Blending styles to maximise returns whilst controlling beta

*Source: FRM, August 2008

© Financial Risk Management

Page 2



We are aligned with our clients' interests



- Exclusive hedge fund focus for 15 years
- FRM is an independently owned firm, with material employee share holdings
- We work with 300 + institutional clients in more than 25 countries

	North America	Europe	Asia / Australia
Investment professionals	19	24	3
Client Services / Marketing	4	27	14

Source: FRM, August 2008
© Financial Risk Management

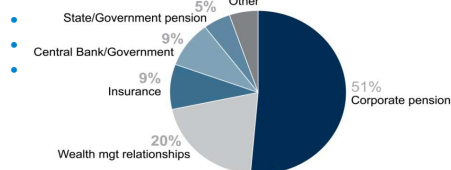
Hedge fund investing is our only focus

Page 3



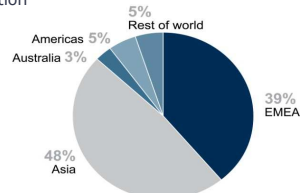
Working with investors around the world

Client type



staff of 45 professionals
and customised products

Client location

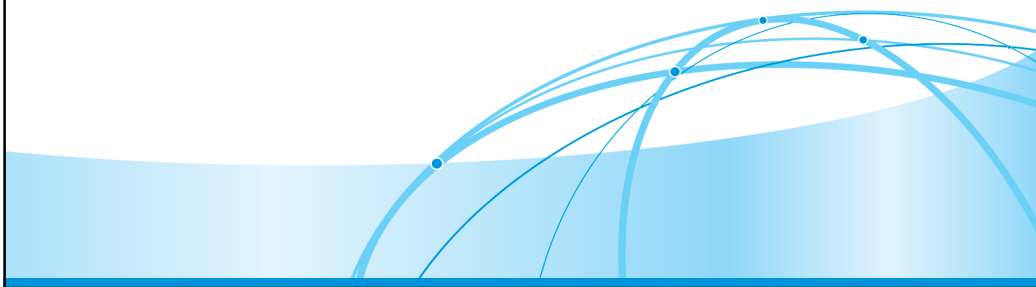


*Source: FRM, August 2008
© Financial Risk Management

Page 4

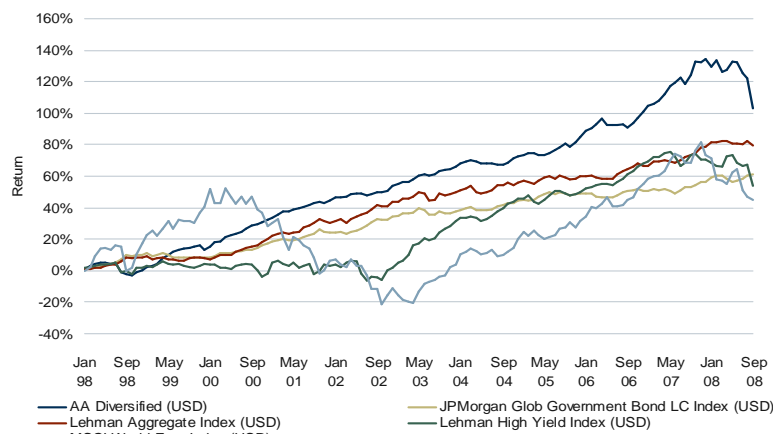


FRM Performance



Absolute Alpha Diversified (USD)

Cumulative performance versus indices



Source: FRM, January 1998 – September 2008. Past performance is not indicative of future performance

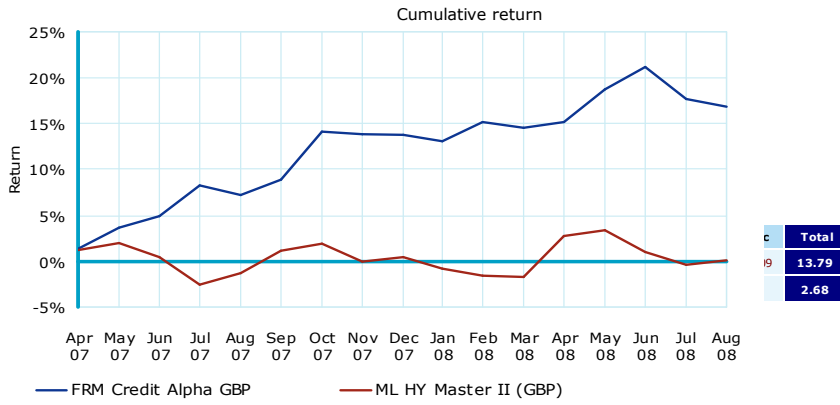
© Financial Risk Management

Page 6



FRM Credit Alpha

Performance since inception (%)



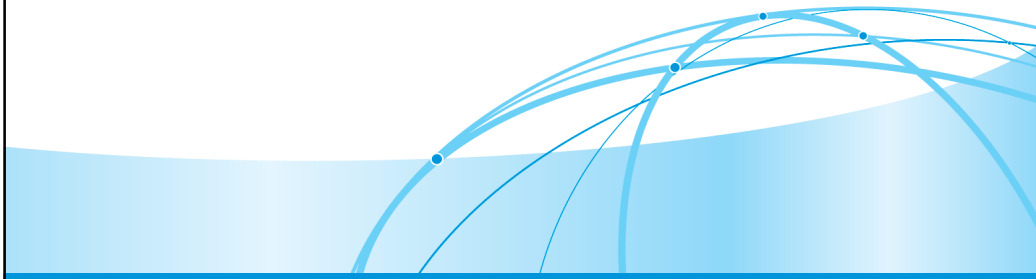
Source: FRM. April 2007 - August 2008. Past performance is not indicative of future performance

© Financial Risk Management

Page 7

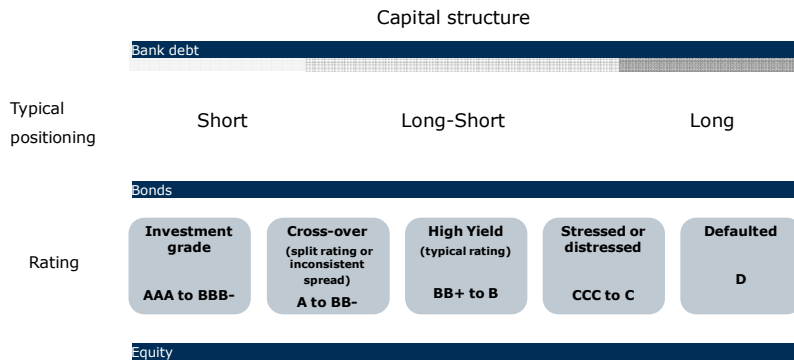


FRM Credit



What is Credit?

Opportunity set*



A high yield index such as the ML High Yield Master II is used as a proxy for the credit market as it is a representative 'midpoint'

* Please note this table is for illustrative purposes only

© Financial Risk Management

Page 9

What is Credit?

Core strategies

Strategy description	Credit Value	Credit Long-Short	Relative Value Credit Arbitrage
	<ul style="list-style-type: none"> Deep value stressed or distressed debt and equity Fundamental research and sometimes activism Includes specialised lending Limited (or no) use of shorts 	<ul style="list-style-type: none"> Long and short positions based on fundamental research More trading/flow orientated than Credit Value Generally has some degree of directional risk, can be long or short 	<ul style="list-style-type: none"> Attempts to be non-directional, trading relative value, basis volatility or correlation More focus on higher credit quality names More alpha from quantitative work and portfolio construction
Manager leverage	1–2x	1–4x	4–10x
Trade size	4–8%	1–3%	1–2%
Long-Short range	Long bias (<20% short)	Over 20% short positions	Attempt to eliminate beta
Time horizon	24–36 months	3–18 months	3–18 months

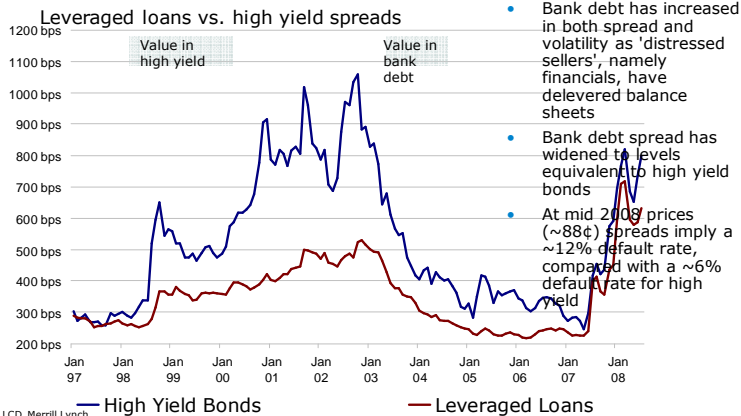
© Financial Risk Management

Page 10



Opportunity set

Bank debt



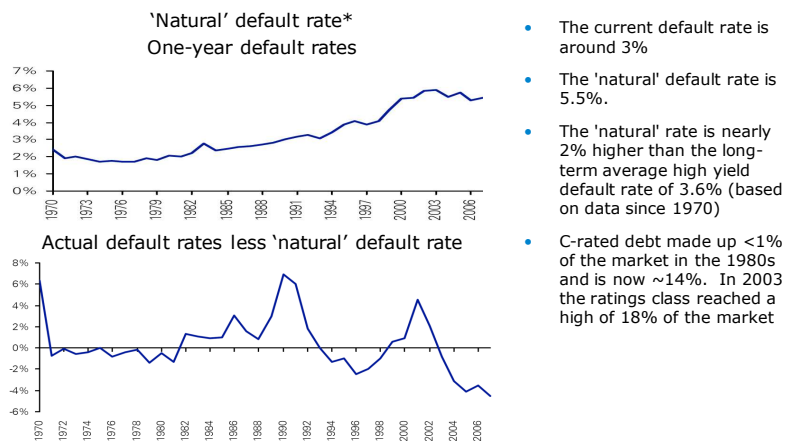
Source: S&P LCD, Merrill Lynch. Through 31 July, 2008. Leveraged loan spreads includes those for large corporate loans and excludes all loans trading at 70% of par or less and facilities in default. The spread calculation is based on bid, rather than par (that is assuming that the discounted margin is as a percent of the current market value than the par amount of the loan) and assumes discount from par is amortized evenly over a three-year life.

© Financial Risk Management

Page 11

Opportunity set

Distressed/stressed



* The 'Natural Default Rate' is calculated as the long-term average default rate for each rating band versus the weighted average (fair value) default level in each year. Source: Deutsche Bank, February 2008

© Financial Risk Management

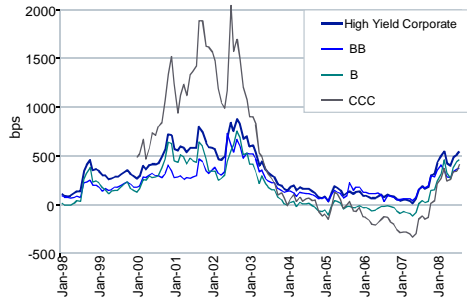
Page 12



Opportunity set

High yield

Global speculative grade default spread premiums*



- The term 'high yield' covers a broad range, with the differences within the asset class greater than the differences between asset classes
- The default spread premium is based on trailing default and recovery rates
- As spreads increase the spread required to compensate for default risk declines
- The 5-year cumulative default rate for CCC ranges between 45% (Caa1) and 63% (Ca-C). For B it ranges between 6% (Ba1) and 36% (B3)

Source: Deutsche Bank, August 2008, based on Moody's 2007 default study 1970-2007. * Default spread premium (DSP) is defined as the trading spread level less the spread required to compensate for default

© Financial Risk Management

Page 13

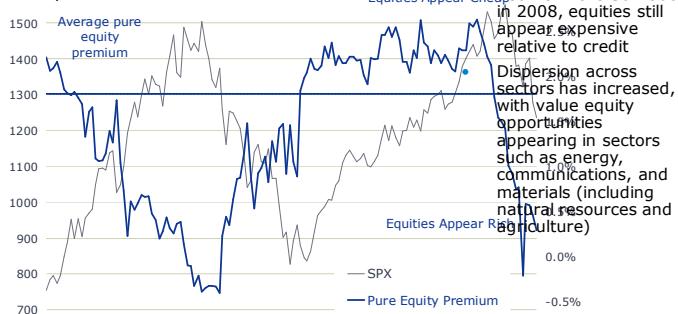


Opportunity set

Value equity

Equity value vs credit

Equity premium/discount* to credit



- In spite of the ~14% decline in the S&P 500 in 2008, equities still appear expensive relative to credit
- Dispersion across sectors has increased, with value equity opportunities appearing in sectors such as energy, communications, and materials (including natural resources and agriculture)

* (Pure) equity premium/discount (PEP) – a Morgan Stanley model gauging relative richness/cheapness of cash equities, controlling for fundamental expectations & what investors charge to bear risk in credit markets. On that basis, low values signal relative equity richness, high values signal relative equity cheapness (versus credit). It is computed by determining the market's daily spread between the return on a risk-free rate and the return on a risk-free rate plus a spread. The equity risk premium represents the spread over Treasuries needed to discount the expected future equity cash flows of the index to get the current market value. This equity risk premium is compared to a proprietary credit spread measure which is driven by observable pricing in cash credit markets, the rating distribution of the S&P 500 over time & adjustments to reflect recovery differentials between credit & equity risk in the case of default. The result is a measure that is intended to reflect the market pricing of equity equivalent default risk in credit markets. Pure Equity Premium = Equity Risk Premium minus Default Risk Premium. Source: Morgan Stanley, The Yield Book, Bloomberg, Moody's, December 1996 - July 2008

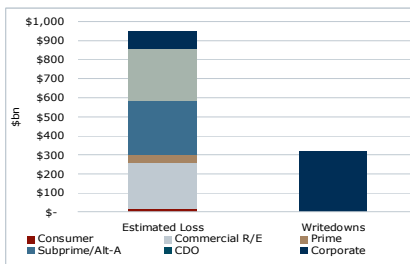
© Financial Risk Management

Page 14

Opportunity set

Direct lending/origination

Estimated losses by financial institutions, by loan type



- Despite continued large bank writedowns and the IMF's last projection at end of 2007 of ultimate losses of close to \$1tn, recent estimates are as high as \$2tn in total
- The average leverage of a financial company is 14:1. Given these estimated losses, the impact of lost lending ability on financial markets could run to ~\$4-15tn+
- We believe hedge funds will become more dominant as spreads widen to more attractive risk/return levels. Newly originated loans can be an attractive opportunity, in particular in the middle market space, due to less competitive pricing as banks reduce their balance sheets
- Credit selection skill is critical given the still uncertain future economic environment
- However, the excess spread over default risk has resulted in managers remaining cautious on the space

Source: International Monetary Fund and Bloomberg

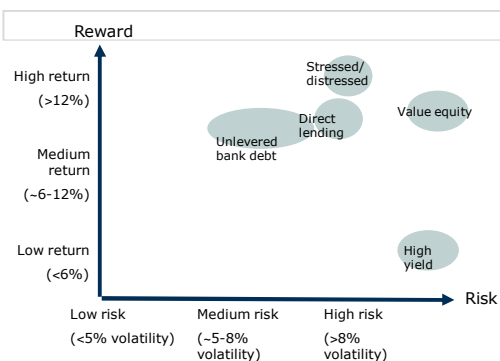
© Financial Risk Management

Page 15

Opportunity set

By category

Illustration* of relative opportunities for value investing



- Bank debt: technical pressures have led to increased volatility and high risk-adjusted returns
- Distressed: increasing default rate, expected to continue
- Value equity: undervalued equity dependent on future economic scenarios
- High yield: fair valuation at current default expectations
- Direct lending: middle market lending demand has increased but opportunities at attractive risk-adjusted rates remain limited

*This diagram is for illustrative purposes only and does not guarantee performance

© Financial Risk Management

Page 16

Disclaimers

Disclaimer

This presentation, and the information contained herein, is not for viewing, release, distribution or publication into or in the United States, to US persons or any other jurisdiction where applicable laws prohibit its release, distribution or publication.

This confidential document is an advertisement and not a prospectus and is provided for information purposes only. This presentation is issued in the UK by Financial Risk Management Limited ("FRM") which is authorised and regulated by the Financial Services Authority and whose office is at 15 Adam Street, London WC2N 6AH. This presentation is being directed only at persons who are (i) investment professionals as defined in Article 19 of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2001 ("the Promotion Order") or (ii) are persons of a kind described in Article 49(2) of the Promotion Order or (iii) are persons to whom this document may otherwise lawfully be issued or passed on (all such persons together being referred to as 'relevant persons'). This document must not be acted on or relied upon by persons who are not relevant persons.

The services and products described in this presentation are only provided to institutional investors and those individuals with sufficient experience and understanding of the risks involved. The services and products are not available to private customers.

This presentation is neither an offer to sell nor a solicitation of an offer to buy any securities, investment product or investment advisory services and should not be considered as a recommendation by FRM or any of its connected persons to any recipient of this document in relation to this presentation. No person has been authorised to give any information not contained in this document.

All information and research material provided herein is subject to change and this document does not purport to provide a full description of the funds, securities or other investments or markets referred to or the performance thereof. Recipients of this document who might consider acquiring shares in the issue are reminded that they may do so only on the basis of the information contained in the prospectus in final form published in connection with the offering (the "Prospectus") which may be different from the information contained in this presentation. When made generally available, copies of the Prospectus may, subject to any applicable law, be obtained at no cost the registered office of the Company and from the Company's website (www.frmcredit.com). The Prospectus will supersede all information provided before the date of the Prospectus and any investment decision must be made only on the basis of the information contained therein. Past performance is not an indication, prediction or guarantee of future results. The specific assets held in the portfolio(s) are subject to change based upon analysis. All opinions expressed are for the current period only and are subject to change without notice.

The contents of this presentation are confidential and may not be copied, distributed, published or reproduced in whole or in part, or disclosed or distributed by recipients to any other person. No reliance may be placed for any purpose whatsoever on the information or opinions contained in this presentation or on its completeness, accuracy or fairness. Neither the whole nor any part of the information in this document may be disclosed to, or used or relied upon by, any other person or used for any other purpose without the prior written consent of FRM. Neither this communication nor any copy of it may be sent to or taken into the United States, Canada, Australia, the Republic of South Africa or Japan. No representation or warranty, express or implied, is made or given by or on behalf of FRM, Winterflood Securities Limited or any of their respective affiliates, directors, officers, employees, agents or advisers as to the accuracy, completeness or fairness of the information or opinions contained in this presentation and no responsibility or liability is accepted by any of them for any such information or opinions.



Disclaimer

All features in this presentation are current at the time of publication but may be subject to change in the future. Unless otherwise stated, FRM is the source of information. Any forecasts or opinions are FRM's own at the date of this presentation and may change. All statements contained in and made during this presentation that are not statements of historical fact are forward-looking statements. Forward-looking statements concern future events and results, and in some cases may be identified by the words 'believes', 'expects', 'forecasts', 'projects', 'plans', 'estimates', 'anticipates', 'targets' and similar expressions. By their nature, forward-looking statements involve known and unknown risks, uncertainties and assumptions that could cause actual results, performance and the timing of events to differ materially from those expressed or implied by the forward-looking statements. For information on the risks, uncertainties and assumptions that may cause actual results, performance and the timing of events to differ materially, you should read the admission document carefully. Statements contained in this presentation regarding past events or performance should not be taken as a guarantee of future events or performance. FRM expressly disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future developments or otherwise, except as required by applicable law. This presentation is intended for investment professionals only and should not be relied upon by private investors. No modifications or amendments to this presentation may be made without the prior permission of FRM.

Any dispute, action or other proceeding concerning this presentation shall be adjudicated within the exclusive jurisdiction of the courts of England. All material contained in this presentation (including in this disclaimer) shall be governed by and construed in accordance with the laws of England and Wales.

Except where agreed explicitly in writing, FRM does not provide investment advice and nothing in this document constitutes investment advice nor should be interpreted as such.

To highlight the performance and risks associated with the portfolio, FRM has created the 'FRM Credit Strategies' proforma – A proforma constructed using the following methodology: (i) prior to 1 May 2006, by using the asset weighted returns of credit managers in the FRM investment pool weighted according to holdings in such credit managers across all FRM managed portfolios, rebalanced monthly and net of management (1.75%) and performance fees (10% with high watermark), and (ii) post 1 May 2006, the actual performance for FRM Credit Strategies Fund PCC Limited – Class A, net of management (1.75%) and performance fees (10% with high watermark). The management and performance fees used in FRM Credit Strategies proforma differ from those to be charged in FRM Credit Alpha Limited. Past performance is not an indication, prediction or guarantee of future results. All opinions expressed are for the current period only and are subject to change without notice.

Not for distribution in or into the US. The operation of the share buy back facility and any mechanism to control the discount at which shares may be trading is subject to legal constraints, the boards' discretion and prevailing market conditions. Launch details to be subject to board and regulatory approvals being received.

Source: MSCI. The MSCI information may only be used for your internal use, may not be reproduced or disseminated in any form and may not be used to create any financial instruments or products or any indices. The MSCI information is provided on an 'as is' basis and the user of this

information assumes the entire risk of any use made of this information.

Disclaimer

MSCI, each of its affiliates and each other person involved in or related to compiling, computing or creating any MSCI information (collectively, the 'MSCI Parties') expressly disclaims all warranties (including, without limitation, any warranties of originality, accuracy, completeness, timeliness, non-infringement, merchantability and fitness for a particular purpose) with respect to this information. Without limiting any of the foregoing, in no event shall any MSCI Party have any liability for any direct, indirect, special, incidental, punitive, consequential (including, without limitation, lost profits) or any other damages.

Copyright MSCI 2008. Unpublished. All Rights Reserved. This information may only be used for your internal use, may not be reproduced or disseminated in any form and may not be used to create any financial instruments or products or any indices. This information is provided on an 'as is' basis and the user of this information assumes the entire risk of any use it may make or permit to be made of this information. Neither MSCI, any of its affiliates or any other person involved in or related to compiling, computing or creating this information makes any express or implied warranties or representations with respect to such information or the results to be obtained by the use thereof, and MSCI, its affiliates and each such other person hereby expressly disclaim all warranties (including, without limitation, all warranties of originality, accuracy, completeness, timeliness, non-infringement, merchantability and fitness for a particular purpose) with respect to this information. Without limiting any of the foregoing, in no event shall MSCI, any of its affiliates or any other person involved in or related to compiling, computing or creating this information have any liability for any direct, indirect, special, incidental, punitive, consequential or any other damages (including, without limitation, lost profits) even if notified of, or if it might otherwise have anticipated, the possibility of such damages.