

MATRIX ASSET MANAGEMENT DIVISION

UCITS FUND PLATFORM

MATRIX





WHY UCITS?

Assets in UCITS funds have grown dramatically in the last few years, driven primarily by the large increase in “alternative” UCITS funds (“newcits”).

Since 2007 an estimated 70% of new UCITS funds have been in alternative UCITS strategies, which has increased total assets in UCITS to an estimated €5.8 trillion as at 31 August 2011¹.

The introduction of the UCITS III and UCITS IV Directives in 2001 and 2011 respectively have expanded the nature and scope of UCITS eligible investments as well as simplifying cross-border distribution within the EU.

As a result, an increasing number of alternative fund managers are launching UCITS versions of their existing offshore funds in order to harness the benefits of a regulated, liquid structure with Pan-European distribution and worldwide recognition.

Listed below are what we believe to be the main benefits to alternative fund managers of launching a UCITS fund:

- **Addressing Investor Appetite for Regulation, Liquidity and Peace of Mind:**

In the aftermath of the financial crisis and Madoff, investors are increasingly looking for funds with improved disclosure and the comfort of regulatory oversight. UCITS funds can provide this.

UCITS funds also address key investor concerns regarding custody, counterparty risk, concentration limits, leverage and liquidity.

- **“Future-Proofing” Against Regulatory Change:**

There continues to be regulatory uncertainty regarding offshore funds, especially the implications of the EU’s Alternative Investment Fund Manager (“AIFM”) Directive. UCITS funds should be largely unaffected by any regulatory developments.

- **Cross-Border EU and Worldwide Distribution:**

UCITS regulations allow for cross-border fund sales within the EU.

Furthermore, the UCITS brand is accepted as a “kite mark”, or international standard of quality, most notably in Asia and Latin America. An estimated 40%² of UCITS fund sales have been outside the EU, and 70% to 80% of publicly sold funds in Asia are UCITS funds³.

- **Diversification of Investor Base:**

Many alternative fund managers suffered heavy redemptions during the financial crisis from particular investor groups (e.g. fund of funds, pension funds). UCITS funds offer access to the retail market, allowing managers to develop a more balanced and stable investor base.

- **Access to a Wider Range of Investment Mandates:**

Certain institutional investors, such as private banks, pension funds and family offices have limits regarding allocations to offshore and/or unregulated alternative funds. UCITS funds provide an onshore, regulated alternative.

¹ Source: EFAMA Investment Fund Industry July 2011 data.

² Source: JP Morgan Q2 2008 ETF Quarterly report.

³ Source: Carne: UCITS Guide for Alternative Managers.



MATRIX UCITS PLATFORM

Matrix has created a UCITS umbrella structure; Matrix UCITS Funds plc. This platform allows us to quickly and efficiently create UCITS compliant funds.

PARTNERSHIP

As well as launching our own UCITS funds, Matrix actively look to partner with external alternative fund managers in order to bring their investment strategy to market in the most cost efficient and operationally robust UCITS structure.

Matrix only wish to partner with alternative fund managers that share our goal of creating innovative products with a focus on absolute returns.

We have a thorough due diligence process which, in particular, looks for:

- Experienced and high quality managers
- A rigorous investment process compatible with UCITS rules
- Strong operational and risk systems

MATRIX'S EDGE

Matrix believe we offer an industry leading UCITS platform solution. Listed below are the main factors that contribute to the edge we can offer our partners:

- **Experienced Team with Strong On-Boarding & Operational Infrastructure:**

Matrix has over 20 years experience in financial services, including setting up and managing alternative funds in numerous structures.

Matrix has built strong internal teams to manage new UCITS funds from inception to market as well as the ongoing operational and regulatory requirements.

The Matrix UCITS platform already includes funds pursuing a variety of investment strategies, from long/short equity and credit to CTA strategies.
- **Strong Distribution Capabilities:**

Matrix offers the option of distributing funds to our network of retail, semi-institutional and institutional investors in the UK, Channel Islands and Europe.
- **Partnerships with Leading Service Providers:**

Matrix uses industry leading service providers that have the capability and experience to deliver service levels appropriate to the UCITS space.
- **Competitive Fee Structure:**

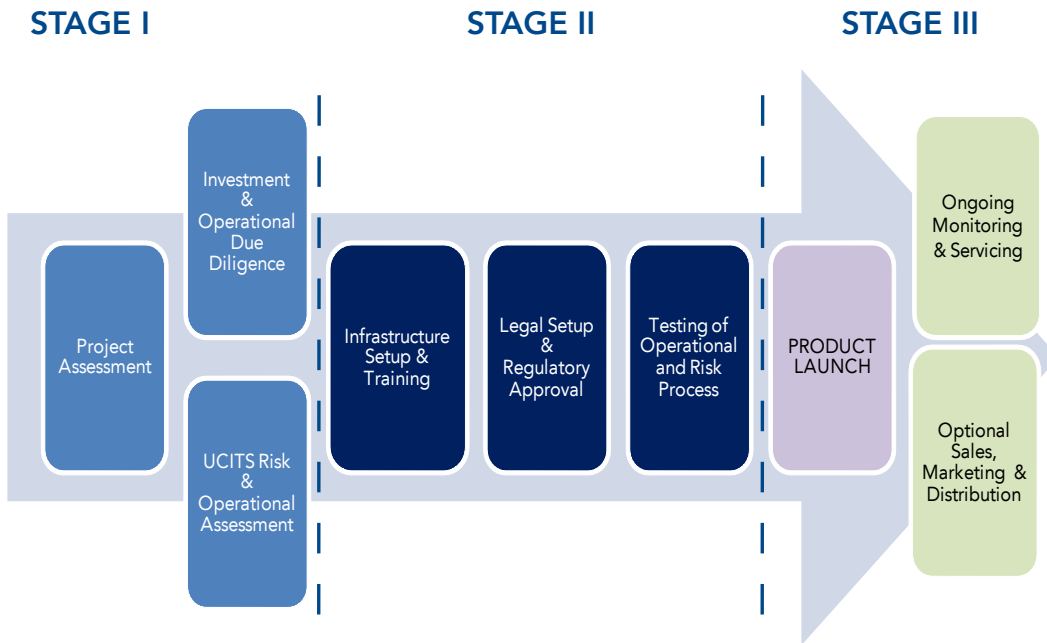
Matrix has a variable costing model, developed in discussion with our clients and their needs.

This allows flexibility, helps lower barriers to entry and is not prohibitive during a fund's early growth stages.
- **Flexible, Independent Platform:**

The Matrix UCITS platform is designed along open-architecture lines in order to accommodate each client's requirements, including using their own counterparties (such as prime broker, synthetic prime broker or swap counterparty).

ON-BOARDING PROCEDURE

Matrix has an experienced project team in place to guide clients through each stage of the on-boarding and set up process for a UCITS fund.



STAGE 1

At the initial stage Matrix conducts a full assessment of the client, including; due diligence on operational and investment procedures and a feasibility study of the client's UCITS project, focusing on risk management and operational infrastructure.

STAGE 2

If approved, Matrix will then guide the client through each aspect of the UCITS sub fund set-up procedure. Using our tried and tested set-up process and experience, our structure can help to ensure a fast timeline to launch.

STAGE 3

Once launched, Matrix will provide ongoing monitoring and servicing utilising our expert knowledge of corporate governance, risk management, compliance, regulation and product development. Matrix can also offer, if required, sales, marketing and distribution.



MATRIX UCITS PLATFORM STRUCTURE

The UCITS umbrella company, Matrix UCITS Funds plc, was set up in 2009 and is domiciled in Dublin.

The following factors contributed to our decision to chose Ireland as a domicile:

- The Financial Regulator is approachable and responsive
- Dublin has a well-established reputation in the administration of UCITS and alternative investment strategies
- Ireland offers favourable tax treatment and double taxation agreements with a wide variety of other jurisdictions
- Recognised ease of doing business and no language barriers

Matrix is extremely experienced in running umbrella company structures. We set up our first umbrella structure for our Alternative Funds of Funds business in 2000.

We have experience in choosing and working with leading independent third-party service providers to administer our umbrella structures

Listed below are the service providers for Matrix UCITS Funds plc:

Administrator	CACEIS Fastnet Ireland Limited
Auditor	KPMG
Custodian / Trustee	CACEIS Bank Luxembourg - Dublin Branch
Directors	Three person independent board
Risk System Provider:	RiskMetrics

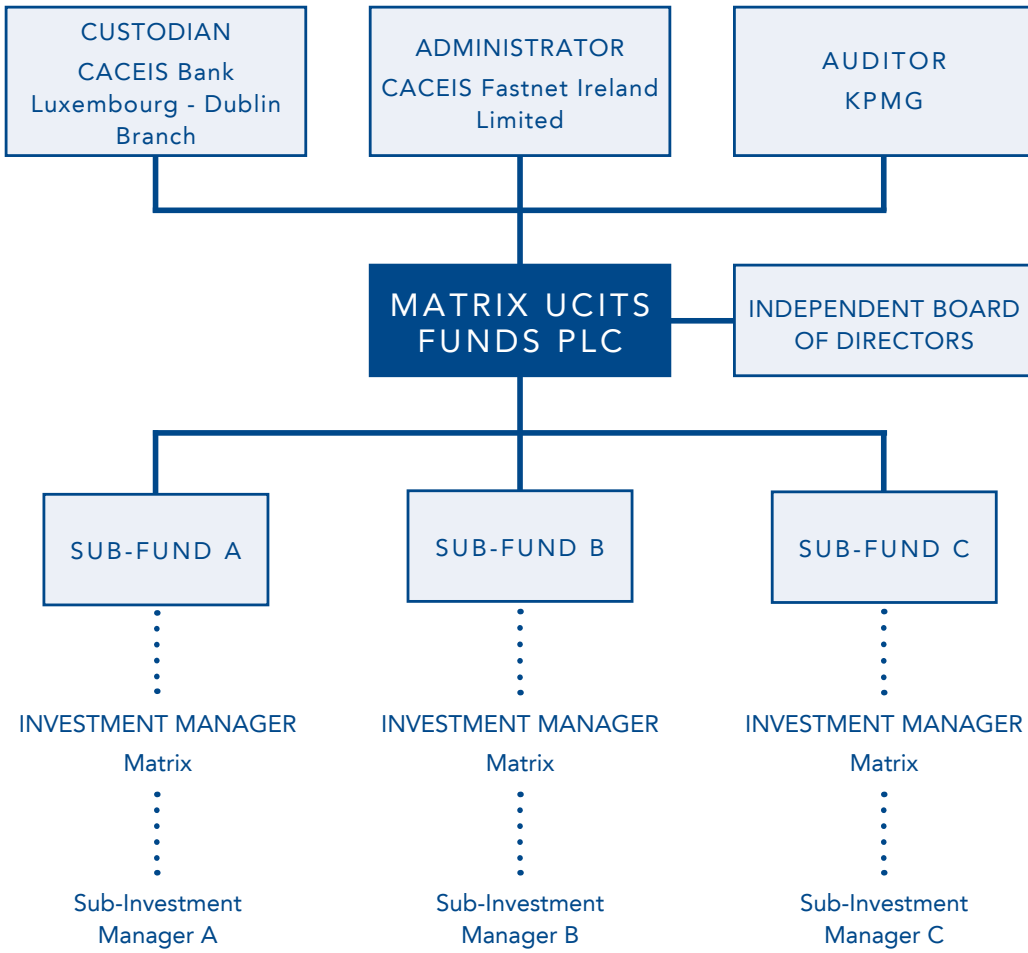
As Investment Manager of the UCITS umbrella and each of its sub funds, Matrix will enter into a sub-investment management agreement with the client.

The Sub-Investment Manager will be delegated the investment management responsibilities of the sub fund.

As Investment Manager, Matrix will maintain responsibility for:

- Risk Management
- Regulatory Functions
- Administration

STRUCTURE DIAGRAM





MATRIX'S ROLES

INVESTMENT MANAGER

As Investment Manager to each of the sub funds, Matrix is responsible for their day-to-day oversight. Matrix's duties and responsibilities include:

- Check, reconcile and approve daily / weekly / bi-weekly NAVs as produced by the Administrator, and send a reporting pack to the sub-investment managers
- Ensure NAVs are distributed to all applicable parties
- Monitor and manage subscriptions and redemptions through the Transfer Agent
- Manage sub funds' and umbrella fund's payments and expenses
- Compile monthly reports and a quarterly board pack, including; the Investment Report, Risk Management Report, Administrator's Report and Custodian's Report
- On-boarding of new sub funds, including fully explaining reporting cycles to the sub-investment managers and drafting of all sub fund documentation
- Approve financial statements
- Prepare tax applications
- Produce independent price verification on the Administrator's prices
- Deal with any queries from sub-investment managers
- Provide bespoke cash management services to the sub fund, if required

RISK MANAGEMENT

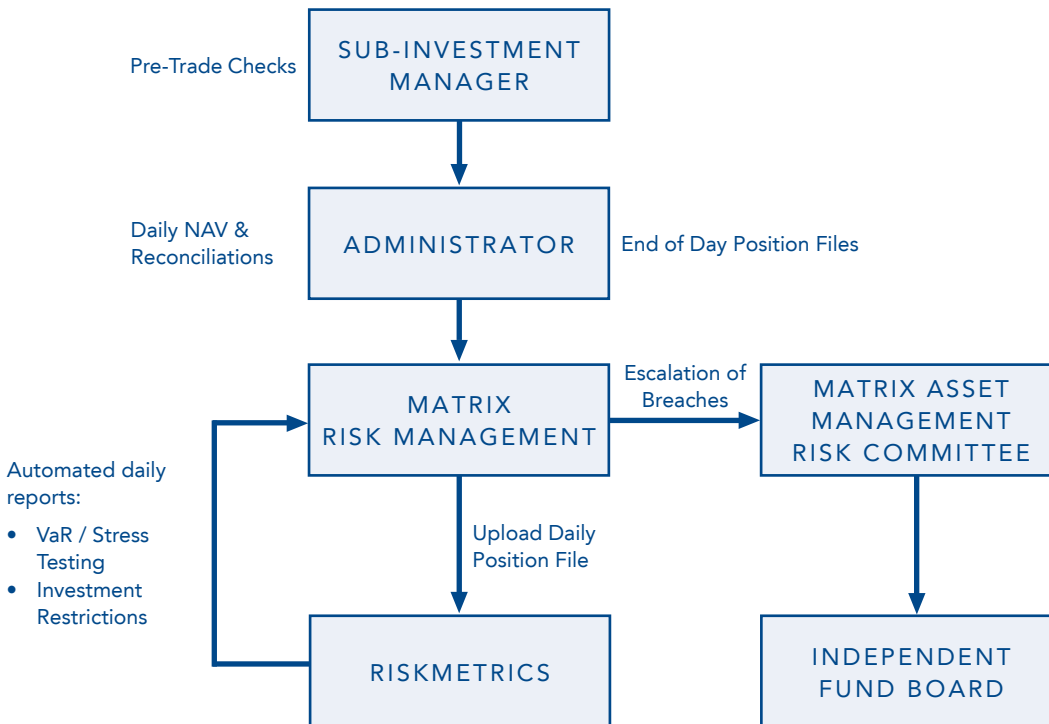
Matrix is responsible for the risk management and monitoring of each of the sub funds. Matrix's duties and responsibilities include:

- The production and monitoring of daily risk reports by our independent risk team to ensure compliance with UCITS regulations
- Using the end of day position files from the Administrator and RiskMetrics to generate the risk measures and analytics required for daily monitoring of risk exposures, ensuring post-trade compliance with UCITS investment restrictions

This process complements the pre-trade checks performed by the sub-investment manager, creating a tri-party process which provides a robust framework for managing risk across each sub-fund.

Any breaches of UCITS investment restrictions will be escalated to the Matrix Asset Management Risk Committee, which in turn will report these directly to the Independent Fund Board.

TRI-PARTY RISK FRAMEWORK



RISKMETRICS

RiskMetrics is the external risk systems provider used by Matrix to monitor risk on the UCITS fund platform. RiskMetrics is widely recognised as the market leader in providing risk analytics for alternative investment strategies.

RISKMETRICS ANALYTICS

- VaR - Historical and/or Monte-Carlo
- Stress Testing - Historical, predictive and simple multi-factor
- Sensitivities / Greeks
- Leverage
- Liquidity
- UCITS Investment Restrictions (issuer concentrations and counterparty exposures)

MATRIX MONITORING & REPORTING

Risk exposures, stress testing and compliance with UCITS investment restrictions are reviewed daily by Matrix’s Risk Team and any breaches are logged.

Furthermore, the following reports are produced:

Weekly	Report to the Matrix Asset Management Risk Committee Detailed Matrix Asset Management Risk Committee review
Monthly	Back-testing report Liquidity analysis report
Quarterly	Board Reports



SERVICE PROVIDERS

ADMINISTRATOR - CACEIS FASTNET IRELAND LTD

The Dublin-based CACEIS Fastnet Ireland Ltd was set up in May 2000 by CACEIS Bank Luxembourg (the CACEIS Group's bank in Luxembourg) with the aim of providing specialised fund administration services for funds based in Ireland. CACEIS Fastnet Ireland Ltd belongs to the Fastnet network, which is operated by the CACEIS Group.

- Currently the largest administrator in Europe¹
- In excess of €1.2 trillion of assets under administration worldwide¹
- Employs 72 staff¹

AUDITOR - KPMG

KPMG's Dublin funds specialist group is one of the largest fund practises in Ireland. The KPMG team selected for Matrix UCITS Funds plc has practical hands-on experience in the funds sector, in particular in auditing UCITS funds and structured investment strategies. KPMG have significant expertise in Irish, UK, and International Accounting Standards.

- Audit 1,850 sub funds containing \$275 billion in assets²
- Financial Services group comprises 500 professionals established to work exclusively with financial services entities²
- Largest audit market share for non-domiciled funds with 31% of the market and an overall market share of 26% of both domiciled and non-domiciled funds²

CUSTODIAN / TRUSTEE - CACEIS BANK LUXEMBOURG, DUBLIN BRANCH

CACEIS is a major custodian and fund administrator in Ireland. They cater to corporate and institutional clients' needs worldwide by providing depository / custody services to traditional and alternative funds, including private equity and real estate funds. CACEIS have been active in the Irish market since 2000.

- Currently 9th largest custodian in the world³
- Assets in custody in excess of €2.4 trillion³
- Employs 3,500 people worldwide in 11 different locations³
- A+/A- credit rating from Standard & Poors³

¹ As at 31 December 2010.

² As at 31 March 2010.

³ As at 31 December 2010.

CONTACT DETAILS

Rebecca Ledlie

Head of Product and Marketing

Tel: +44 (0) 20 3206 7238

Email: Rebecca.Ledlie@matrixgroup.co.uk

Luke Reeves

Head of Retail and Institutional Business Development

Tel: +44 (0) 20 3206 7222

Email: Luke.Reeves@matrixgroup.co.uk

MATRIX GROUP

ASSET MANAGEMENT DIVISION

One Vine Street

London W1J 0AH

Tel: +44 (0) 20 3206 7222

Email: sales@matrixgroup.co.uk

www.matrixgroup.co.uk

IMPORTANT INFORMATION

Issued by Matrix Money Management Limited, of One Vine Street, London, W1J 0AH, which is authorised and regulated by the Financial Services Authority, number 190673.

Matrix UCITS Funds plc (the "Company") is an umbrella fund with segregated liability between sub funds, incorporated with limited liability as an investment company with variable capital under the laws of Ireland with registered number 474351. The Company is a recognised collective investment scheme (a "recognised scheme") for the purposes of section 264 of the Financial Services and Markets Act 2000 ("FSMA") of the United Kingdom.

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