



BELVEDERE ADVISORS LLC

Financial Advisory Services for High Net Worth Investors and Family Offices



January 2009



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This presentation was approved by Patrick Beaudan on Jan 25, 2009



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Belvedere Advisors specializes in the selection and management of portfolios of independent money managers.

- Registered Investment Advisor in the State of California
- Independent financial firm managed by a team with long experience in the financial services industry
- Management owned – no conflict of interest with money managers
- Belvedere Advisors works with investors who meet the SEC's "Qualified Purchaser" status to create and manage customized portfolios of institutional-quality money managers across asset classes in order to meet each client's investment objectives.
 - We evaluate these outside money managers on an ongoing basis
 - Long-only separate account managers focused on stocks, bonds, commodities, etc.
 - Alternative investment managers
 - hedge funds
 - private equity/venture capital
 - other partnerships or pooled investment vehicles
 - Real estate fund managers
 - Hard asset product managers.



We work directly with clients, or with clients' existing financial advisors, to build portfolios and carry out regular due diligence on money managers.

1. Manager Due Diligence Services

We perform extensive and ongoing due diligence on money managers that our clients already hold—and wish to continue to hold—in their portfolios as a result of working with their current financial advisor.

- ✓ Clients continue to work with their trusted financial advisor;
- ✓ Belvedere draws on our own expertise, as well as the insights of thousands of professional investors located throughout the world, to evaluate and monitor money managers for the client and for the financial advisor.

2. Portfolio Construction Services

We help clients adjust or build their portfolio of managers, incorporating our manager due diligence services.

- ✓ Clients hire Belvedere Advisors as their financial advisor to build and manage their allocations to money managers;
- ✓ Belvedere draws on its own expertise, as well as the insights it receives from thousands of professional investors located throughout the world, to evaluate, select and monitor money managers for its clients' portfolios.



I – MANAGER DUE DILIGENCE SERVICES

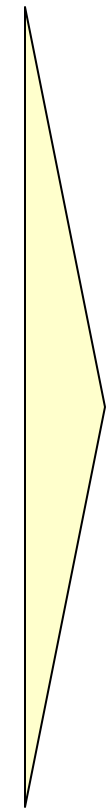


There are a number of key risks inherent in investing with private money managers, which require ongoing monitoring.

Key Risk	What it means	How to monitor it?
Market risk	Will a manager's investment strategy produce positive performance in current and future market conditions?	<ul style="list-style-type: none"> ▪ Macroeconomic trends ▪ Investment research ▪ Investment team backgrounds
Style drift risk	Is the manager investing and trading client assets in the manner, and within the constraints, described in the marketing documents and management agreement?	<ul style="list-style-type: none"> ▪ Prospectus and subscription documentation review ▪ Portfolio checks and reviews ▪ Discussions with traders and executing brokers ▪ Peer comparisons
Key-man risk	Are the few persons on whom the good performance of the strategy depends, competent, committed, mature and stable individuals?	<ul style="list-style-type: none"> ▪ Background checks ▪ Ongoing personal reference checks ▪ Ongoing discussions with management team, other investors if known
Operational risk	Is the business of the money manager being run in a manner that minimizes the risk of business failure?	<ul style="list-style-type: none"> ▪ Check of business legal structure ▪ Review of all agreements with business counterparties ▪ Discussions with all investment market counterparties ▪ Review of staffing levels, staff backgrounds and responsibilities within front, mid- and back-office functions
Fraud risk	Is the money manager doing what he/she claims to do, and accurately reporting the outcome to investors?	<ul style="list-style-type: none"> ▪ Office visits in-person ▪ Check asset levels independently ▪ Check audits with auditors ▪ Check portfolio reports with brokers and custodians



"Typical" financial advisor expertise



- ⇒ Not a "one time" check
- ⇒ Abundant technical details
- ⇒ One needs to spend time and connect the dots



Recent scandals highlight that private investors and non-specialist financial advisors often do not perform the necessary ongoing due diligence on key money managers within their portfolios.

Just To Begin ...

- ✓ Managers references, CVs, copies of diplomas, reference letters
- ✓ Fund vehicles investor references
- ✓ Investor reports since inception
- ✓ Stale day-end portfolio samples
- ✓ Days to liquidate reports
- ✓ Historical NAVs from administrator
- ✓ Completed due diligence questionnaire
- ✓ Research report examples
- ✓ Fund offering memorandum;
- ✓ Investment Management Agreement;
- ✓ Administration Agreement;
- ✓ Audited Reports;
- ✓ Prime brokerage & execution agreements;
- ✓ Fund vehicles & Investment Manager certificates of incorporation;
- ✓ Articles of association;
- ✓ List of directors; list of signatories
- ✓ List of all third parties with contact information

Common Situations ...

- Ongoing due diligence requires travel time, research to identify and speak with all relevant parties, review documents, compile reports.
- Most smaller financial advisors and investors do not have the infrastructure, the time or capital to do this for all their key managers around the world.
- Larger advisors often select larger, better known money managers, where there is a higher risk of relying on “brand name” comfort at the expense of ongoing due diligence.

... Predictable Results

- One time checks - if any
- Reliance on “brand names” who may not fully cooperate on thorough due diligence
- Madoff, Bayou Group, Manhattan Fund, Petters Group, many others scandals...



Our firm's key professionals have a long experience in investing with and performing due diligence on private money managers.

<p>Patrick Beaudan</p>	<p>Managing Principal</p> <ul style="list-style-type: none"> ➤ 15 years in the financial industry ➤ Mechanical engineering Ph.D., Stanford University; ➤ M.S and B.Sc. Summa cum Laude, Aeronautical engineering, State University of New York. ➤ Founder of Sophia Capital Securities, an alternative investment specialist firm ➤ Head of European Strategy, Lehman Brothers London, New York; ➤ McKinsey & Company, financial and pharmaceutical industries, Toronto and New York; ➤ Author of several scientific papers; Reserve air force officer; ➤ Lecturer at H.E.C.'s Department of Finance, France.
<p>Keith Pagan</p>	<p>Managing Principal</p> <ul style="list-style-type: none"> ➤ 19 years in the financial industry ➤ A.B., Princeton University; ➤ Managing Director of Business Development (all sales, marketing and client service) at Blue River Asset Management - first/biggest (nearly \$2 billion) municipal bond arbitrage hedge fund; ➤ Vice President, Salomon Smith Barney; ➤ Special Institutional Group, Merrill Lynch; ➤ Portfolio Manager, BankAmerica Capital Corporation (bank's venture capital arm).
<p>Jason Tripp</p>	<p>Compliance and Relations with Regulators</p> <ul style="list-style-type: none"> ➤ 19 years in the financial industry ➤ BsC. and B.A, University of Arizona; ➤ Chief Compliance Officer, Burrill Merchant Advisor; ➤ Compliance Director, Financial Marketing; Atlas Securities; ➤ Examiner, NASD (now FINRA).



Our due diligence has enabled us to avoid money managers that turned out to be fraudulent.

Manager Examples	Our Due Diligence Notes Summary	Outcome
Daedalus Capital Partners, LLC	<ul style="list-style-type: none"> ▪ 7 March 2005: Discussion on background of company ▪ 9 March 2005: In depth discussion on background of principals; Appointment made for personal meeting ▪ 29 March 2005: No show at meeting, no response at office number, and no documentation forthcoming on the portfolio – Note made that this is not a serious manager 	<p>June 18, 2005 (NYMag.com)</p> <p>When NYU senior Hakan Yalincak was arrested and put in jail after attempting to cash a forged \$25 million check, his mother, Jackie, tearfully supplied a sketchy, convoluted explanation for everything. And when, a month later, she too was arrested for fraud, it seemed she'd taught her son everything she knew.</p>
Tenet Asset Management LLC	<ul style="list-style-type: none"> ▪ 25 June 2004: We sent request for due diligence package ▪ 17 Sept 2004: In contact with manager, still waiting for full due diligence documents ▪ 23 Sept 2004: Manager confirms will send documents ▪ 11 Oct 2004: New request for documents ▪ 25 Feb 2005: Discussions with outside investors who have met principal; Agreement that purported returns are inconsistent with the strategy claimed to be followed – We sent note to manager terminating our relationship 	<p>July 20, 2005 (Spotlight News)</p> <p>In its latest action against hedge fund fraud, Tenet Capital Partners Convertible Opportunities Fund, its adviser Tenet Asset Management, and its principal Jon E. Hankins were slapped with a preliminary injunction by the United States District Court for the Southern District of New York last week</p> <p>The complaint alleged that Tenet concealed, and continues to conceal, large investment losses from investors. In addition, the SEC charged that Tenet sought to unfairly honor redemption requests at inflated values to cover up the fraud.</p>
Valhalla Management Inc.	<ul style="list-style-type: none"> ▪ 8 March 2007: Spoke with principal. Company runs 6 funds with \$300 million. We requested documents on the funds ▪ 9 March 2007: Received a one-pager on the funds. Principal does not want to send more information unless we fill out a questionnaire, which is unheard of. Principal claims is only interested in small investments by individual investors, not by institutions – Do not pursue 	<p>Jan. 18 2009 (Bloomberg)</p> <p>The FBI and securities regulators joined the investigation of Arthur Nadel who disappeared four days ago, leaving clients concerned they may have lost as much as \$350 million.</p>



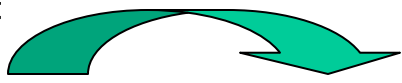
Our team can work with you and/or your financial advisor, to carry out comprehensive, ongoing due diligence on your existing money managers.

Money Manager Information Request

- ON EACH INVESTMENT FUND
 - Certificate of Incorporation or local equivalent;
 - List of Directors, including name, address and telephone;
 - List of signatories;
 - List of all third parties: Legal counsel; Administrator; Auditor; Prime brokers; Third party marketers;
 - Assets
 - Performance
 - A model
 - Forward
 - Administrative
 - Weekly
 - Available
 - Monthly
 - Position
 - Monthly
 - Copies
 - Since
 - Latest
 - Fund
 - 3 sta
 - Rece
 - Broke
 - Exam
 - Portf
 - Fund
 - Agreement
 - Administration
 - Administrator's
 - Procedures
 - Investment
 - Prime
 - Audited

- ON THE INVESTMENT MANAGER
 - Certificate of Incorporation or local equivalent;
 - Certificate of Good Standing or local equivalent;
 - Company address, telephone, fax numbers
 - Register
 - include e
 - resident
 - Latest a
 - A curren
 - description of the strategy for each of the Investment Manager's funds
 - A company presentation document.
 - For U.S. Registered Investment Advisers, Form ADV, Part I & Part II

- ON EACH PRINCIPAL
 - Resume
 - Professional reference list
 - Reference letters
 - University diplomas



Verification Interviews and Visits

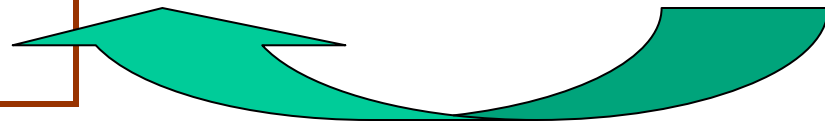
- Documentation review
- Site visits
- Money manager interview
- Third party interviews and data verification



Due Diligence Report And Reviews with Investing Client

- I. FUND AND MANAGER DIRECTORY
- II. FUND SUMMARY
- II. FUND VERIFICATION SUMMARY
 - A. THIRD PARTY CHECKS
 - B. SERVICE PROVIDERS VERIFICATION
 - FUND ADMINISTRATOR
 - FUND EXECUTION BROKERS
 - FUND AUDITOR
 - FUND COUNSEL
- III. DOCUMENT VERIFICATION ON THE INVESTMENT MANAGER ON THE FUND ON EACH PRINCIPAL
- IV. REPORT COMPLETION

Regular Due Diligence Review



Our objective is to provide our clients and/or their financial advisor, with a comprehensive quarterly due diligence report summarizing the business and investment strategy of their money managers, as well as highlighting any area of concern.



- ☞ Belvedere identified substantial risks; or
- ☞ The manager did not cooperate with due diligence to enable a comprehensive risk evaluation
- ☞ Belvedere recommends redeeming from this manager



- ☞ Our due diligence identified risks that need to be understood by clients
- ☞ Belvedere believes that heightened due diligence of the manager is warranted
- ☞ Clients who understand the highlighted risks, might remain fully or partially invested with the manager



- ☞ Due diligence carried out smoothly
- ☞ No key risks identified
- ☞ If clients and their financial advisors are comfortable with the manager's stated investment strategy, Belvedere finds no strong rationale for redemption



II – PORTFOLIO CONSTRUCTION SERVICES



We work with our clients to build customized multi-manager, multi-asset class portfolios that address their critical needs.

Traditional Money Managers

- Equities
- Fixed Income
- U.S. managers
- International managers
- Small and large capitalizations
- Value managers
- Growth managers

Alternative Investment Money Managers

- Single manager funds
- Funds of funds
- Private equity / Venture capital
- Hedge funds
- Real estate / Timber
- Commodities
- Currencies
- Options

Strategies

- Long only
- Long biased
- Market neutral
- Arbitrage / Relative Value
- Absolute Returns
- Marketable Securities



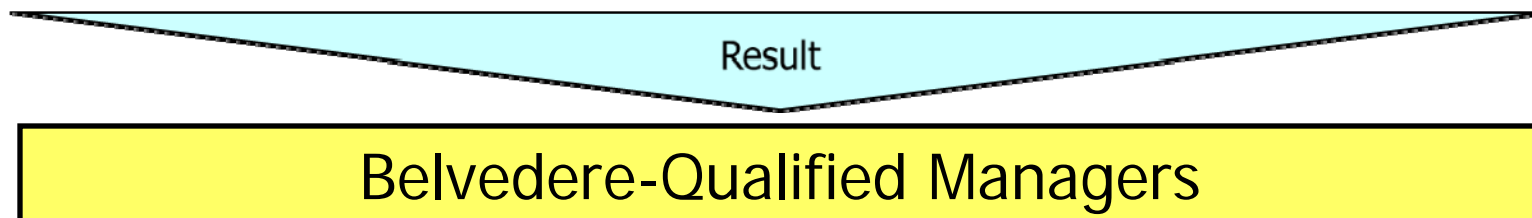
Through our extensive network within the institutional investor community, we identify money managers with strong expertise.

What we look for in money managers: The three P's

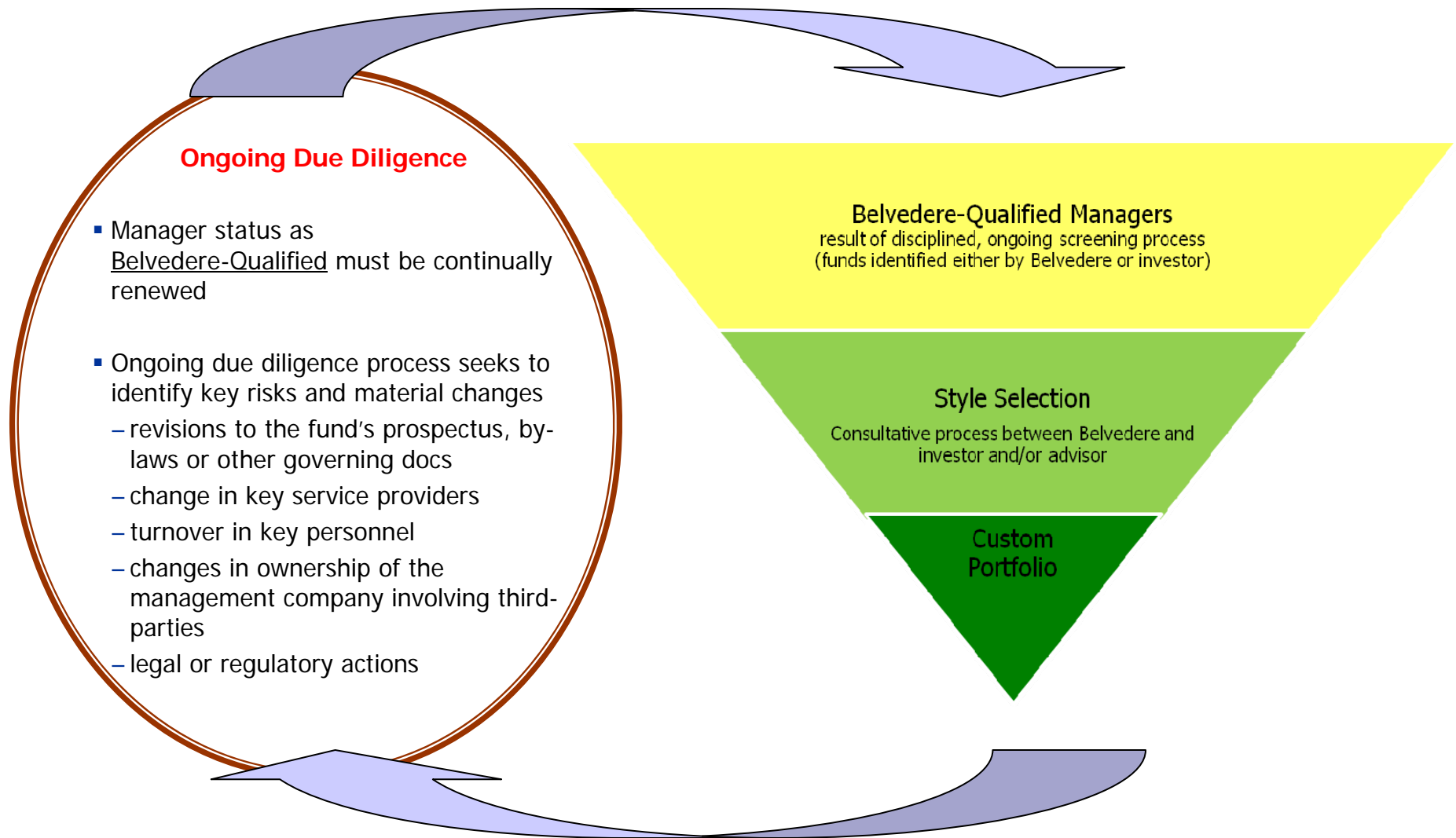
- **Pedigree: A credible team**
 - ➔ Verifiable trading experience in current strategy, or previous funds/trading desks
 - ➔ Substantial principals' net worth invested into the fund/firm
 - ➔ Clear trading strategy and competitive edge
 - ➔ Integrity, intelligence, and strong motivation to succeed

- **Process: A solid business infrastructure**
 - ➔ Reputable third parties – Auditor, legal counsel, administrator, execution brokers
 - ➔ Strong risk management culture, infrastructure and policies

- **Performance**
 - ➔ High Sharpe Ratio – i.e., attractive risk/return trade-off
 - ➔ Top tier performance relative to peers



We build for each client a customized portfolio of qualified managers on which we carry-out ongoing due diligence.



Working with Belvedere Advisors does not require changing your key financial advisor or custodian relationships. At the client's choice, we will work with a client's existing financial advisor to construct portfolios of money managers.

- Your financial advisor or investment consultant should be instructed by you to collaborate with Belvedere Advisors in constructing a portfolio that fits with your asset allocation.
- Your advisor or consultant continues:
 - ➔ to be the quarterback for your overall financial asset allocation plan
 - ➔ to serve as your key investment advisor
 - ➔ to send you regular reports detailing the holdings and value of your portfolio
- Belvedere Advisors works with your advisor or consultant on the asset class where we have deep expertise: Evaluation, structuring and management of money manager portfolios.
- Your assets continue to be custodied with your current custodian bank.



Our approach is to solve clients' problems with customized money manager portfolios rather than selling "off-the-shelf" products.

- Boutique approach: nimble & flexible.
- Disciplined.
- Process transparency.
- We communicate complex ideas and risks in simple English.
- Dynamic process: Risk is a journey, not a destination.
- We focus on risk allocation vs. asset allocation.
 - Our goal is to minimize unexpected and under-compensated risk, not to extinguish risk.
- We specialize in creating information and insight from data.

