`

SNAEFELL ALTERNATIVE INVESTMENT FUND LIMITED

Financial Statements and Independent Auditors' Report

December 31, 2007

`

SNAEFELL ALTERNATIVE INVESTMENT FUND LIMITED
CONTENTS

SNAEFELL ALTERNATIVE INVESTMENT FUND LIMITED
DIRECTORY

Registered Office: Butterfield Fulcrum Group (Bermuda) Limited, Rosebank Centre, 11 Bermudiana Road, Pembroke HM 08, Bermuda

Directors
Steve Curtis
David Hunter
Richard Jarvis
Brian Sheppard

Investment Manager
Thomas Miller Investment (Isle of Man) Limited
16/17 Mount Havelock
Douglas
Isle of Man
IM1 2QG

Administrator
Butterfield Fulcrum Group (Bermuda) Limited
Rosebank Centre
11 Bermudiana Road
Pembroke HM 08
Bermuda

Auditors
Deloitte & Touche
Corner House
Church & Parliament Streets
Hamilton HM 11
Bermuda

Legal Counsel
Bermuda counsel:
Wakefield Quin
Chancery Hall
52 Reid Street
Hamilton HM 12
Bermuda

Company Secretary
Butterfield Fulcrum Group (Bermuda) Limited
Rosebank Centre
11 Bermudiana Road
Pembroke HM 08
Bermuda

Custodian
Butterfield Trust (Bermuda) Limited
Rosebank Centre
11 Bermudiana Road
Pembroke HM 08
Bermuda

Listing Sponsor
Bermuda Securities (Bermuda) Limited
65 Front Street
Hamilton HM 12
Bermuda

SNAEFELL ALTERNATIVE INVESTMENT FUND LIMITED
DIRECTORS' REPORT

The Directors present their annual report together with the audited financial statements of the Company for the year ended December 31, 2007.

Activities, Business Review and Future Prospects

The Company is an exempted company incorporated on July 8, 2002, with limited liability in Bermuda as a mutual fund company. A detailed review of the activities of the Company is set out on pages 5 and 6 of this report.

Results and Dividends

The results for the year are shown in the Income Statement on page 12. The Directors do not recommend the payment of a dividend.

Directors

The Directors of the Company are set out on page 3. All of the Directors were appointed on July 26, 2002.

Statement of Directors' Responsibilities

The Directors are responsible for the preparation of the financial statements. In preparing those financial statements, the Directors:

- Ensure that the financial statements comply with the Memorandum and Articles of Association and International Financial Reporting Standards, as published by the International Accounting Standards Board, subject to any material departures disclosed and explained in the Financial statements;
- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping proper accounting records and for managing the Company in accordance with the Prospectus and the Memorandum and Articles of Association. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud, error and non-compliance with law and regulations.

On behalf of the Directors

Director David W. Hunter

October 2, 2009

SNAEFELL ALTERNATIVE INVESTMENT FUND LIMITED

INVESTMENT MANAGER'S REPORT

December failed to provide positive closure to a turbulent year. For 2007, investors were subject to two dramatically different six-month periods. The business cycle quickly moved into a pronounced transition from a late expansion phase, which tends to favour equity-related event driven and directional strategies, to a contraction phase whereby slowing growth and tighter credit favours defensive positioning and debt-related opportunities.

In this transition, earmarked by heightened volatility that accompanies risk aversion, trading strategies overtake longer term investing as liquidity and abundant financing are quickly pulled from the markets. As a result, the prominent carry trade has been virtually shut down as cheap and readily available leverage sources dry up. The market is now exhibiting volatility levels consistent with prior periods of elevated risk

The first half of the year saw strong global growth as corporate earnings kept improving while the continuation of easy and free flowing credit supported LBO deal making. The structured finance (CLO and CDO) engine stood ready and willing to absorb practically any corporate or collateralized issue. However, following the cracks in credit first seen in February's sub-prime mortgage collapse, the banks began to choke on June's enormous pipeline of LBO financing upon finally realizing they were beyond their risk and capital tolerances.

The second half of the year clearly evidenced a dramatic decline in investor confidence and market liquidity which led to a severe spike in volatility. M&A activity in both financial sponsor driven (LBOs) and strategic deals became much more questionable and affected investors' appetite for event driven plays.

Going forward, as credit becomes even more expensive, default rates are expected to increase, leading to an increase in distressed opportunities. However, the spike in defaults and rise in distressed opportunities may take some time to fully materialize as global growth and foreign investment (sovereign funds) can provide life support to otherwise unhealthy and potentially defaulting entities.

Global developments clearly pointed to divergences in growth, policies and prospects. During the month of August, when developed markets experienced a deep drawdown, emerging markets continued to perform well, supporting the hope of the new phenomenon – decoupling of the new world economies. Although the changes in the emerging markets economies are pronounced and robust, the size of these economies and their dependency on the product demand from the West will likely put this thesis under severe test in the near future.

While the U.S. embarked on an aggressive interest rate easing campaign, Europe was still focusing on inflation risks and the ECB continued with its hawkish tone. Furthermore, the emerging economies seemed to be more concerned about overheating than possible slowdowns. Economic numbers have also indicated divergences in growth with an uneven deceleration across global geographical regions. In such an environment, it is hard to anticipate a global coordinated policy response to the crisis outside of short-term liquidity injections. The situation further amplifies divergences in market response and price behaviour and raises the likelihood of trade and political tensions as the global economy moderates. Given market vulnerability, any adverse development can cause significant price changes.

The difficult environment caused by the transition between the economic cycles has presented hedge fund managers with new opportunities – namely it has tested their ability to shift from directional and mostly value oriented investing to a more balanced, trading focused approach, where the ability to identify effective short positions and quickly manoeuvre in the less liquid de-levering environment is essential. The best managers have been able to produce strong performance in this setting and have added value to portfolios. Investors that focus on Fixed Income Trading and Relative Value or Volatility Trading and Arbitrage have capitalized on the opportunity to prove their place in a diversified portfolio, offsetting the pressure of previously productive directional value strategies. Once again, maintaining a robust diversified portfolio of hedge fund managers has proven productive and most importantly has given the Selectinvest funds a "consistent and repeatable" investment result.

Thomas Miller Investment (Isle of Man) Limited
Investment Manager
February 2009

Deloitte.

Deloitte & Touche
Chartered Accountants
Corner House
Church and Parliament Streets
P.O. Box HM 1556
Hamilton HM FX
Bermuda

Tel: +441 292-1500
Fax: +441 292-0961
www.deloitte.bm

INDEPENDENT AUDITORS' REPORT

To the Shareholders and Board of Directors of
Snaefell Alternative Investment Fund Limited

Report on the financial statements
We have audited the accompanying financial statements of Snaefell Alternative Investment Fund Limited (the "Company"), which comprise the balance sheet, including the schedule of investments, as at December 31, 2007, and the income statement, statement of changes in net assets attributable to holders of redeemable participating shares and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit.

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Snaefell Alternative Investment Fund Limited as at December 31, 2007, and the results of its operations, changes in its net assets attributable to holders of redeemable participating shares and its cash flows for the year then ended, in accordance with International Financial Reporting Standards.

Deloitte + Touche

October 2, 2009

SNAEFELL ALTERNATIVE INVESTMENT FUND LIMITED
BALANCE SHEET
December 31, 2007
(expressed in United States dollars)

	2007	2006
ASSETS		
Cash at bank	$ 311,113	$ 6,543,490
Receivable for investments sold	10,004,924	9,500,000
Investments at fair value through profit or loss	48,640,634	44,492,253
Other assets	-	647,129
Sundry receivables and prepayments	1,246	8,925
Total Assets	$ 58,957,917	$ 61,191,797
LIABILITIES		
Subscriptions received in advance	$ -	$ 6,200,000
Sundry payables and accrued expenses	148,077	29,477
Liabilities (excluding net assets attributable to holders of redeemable participating shares)	148,077	6,229,477
Net assets attributable to holders of redeemable participating shares	58,809,840	54,962,320
Total liabilities and equity	$ 58,957,917	$ 61,191,797

APPROVED BY THE BOARD:

David W. Hunter

Director

See accompanying notes to the financial statements

SNAEFELL ALTERNATIVE INVESTMENT FUND LIMITED
SCHEDULE OF INVESTMENTS
December 31, 2007
(expressed in United States dollars)

Shares	Investment		Fair Value	% of Net Assets
29	AQR ARF Global Total Return Offshore Fund Ltd. – Class A 03 07	$	2,814,273	4.79
1,476	The Drake Global Opportunities Fund, Ltd. – Class C Series 1		1,567,378	2.67
8,696	Castlerigg International Limted – Class A Series 1		3,303,592	5.62
834	ECF Value Fund International Ltd. – Class A Series 1		2,026,994	3.45
1,587	Force Capital Ltd. - Series 90/2/25		2,142,570	3.64
1,000	Frontpoint Offshore Multi-Strategy Fund Ltd. - Series A.		1,200,540	2.04
1,256	Galleon Diversified Fund, Ltd. – Class A Series 1		2,358,247	4.01
1,000	Great Oaks Strategic Investment Partners Offshore, Ltd. - Class A Series 1		800,640	1.36
1,350	Grey K Offshore Fund, Ltd. – Class A Series 1		2,226,997	3.79
738	Jana Offshore Partners, Ltd. – Series 1		2,028,600	3.45
11,973	Laurus Offshore Fund, Ltd. – Class A		2,210,391	3.76
2,240	Linden International Ltd. – Class A Series 1		3,134,316	5.33
3,713	Metropolitan Capital Advisors International Limited – Class A Series 3		981,104	1.67
27,814	M Kingdon Offshore Ltd. – Class A Series 1		3,435,903	5.84
61,196	Selectinvest ARV II Ltd. - Series M		8,322,056	14.15
3,581	Seneca Capital International, Ltd. – Class 2E		2,022,634	3.44
1,445	Seneca Capital International, Ltd. – Class 3B		143,062	.24
350	Sivik Global Healthcare Offshore – Series 07-01		408,965	0.70
1,576	Suttonbrook Offshore Partners Ltd. – Class C - Series 1		2,049,362	3.48
46,378	York Credit Opportunities Unit Trust – Class B - Series 1		1,878,758	3.19
579	York Investment Limited – Class D Series 1		3,584,251	6.09
	Total Investments at fair value	$	48,640,634	82.71

See accompanying notes to the financial statements

SNAEFELL ALTERNATIVE INVESTMENT FUND LIMITED
SCHEDULE OF INVESTMENTS
December 31, 2006
(expressed in United States dollars)

Shares	Investment		Fair Value	% of Net Assets
2,000	The Drake Global Opportunities Fund, Ltd. - Class C Series 11	$	2,082,505	3.79
2,000	Force Capital Ltd. - Series 90/2/25		2,056,995	3.74
2,000	Galleon Diversified Fund, Ltd. - Class A Series 1006		2,101,809	3.82
2,000	Grey K Offshore Fund, Ltd. - Class A Series 1106		2,103,986	3.83
20,000	Laurus Offshore Fund, Ltd.		2,027,466	3.69
134,731	Selectinvest ARV II Ltd. - Series M		16,911,770	30.77
1,526	SuttonBrook Offshore Partners Ltd. - Class C Series 22		2,062,020	3.75
11,166	Zenith Partners Offshore, Ltd.		15,145,702	27.56
	Total Investments at fair value	$	44,492,253	80.95

See accompanying notes to the financial statements

SNAEFELL ALTERNATIVE INVESTMENT FUND LIMITED
INCOME STATEMENT
for the year ended December 31, 2007
(expressed in United States dollars)

	2007	2006
INCOME		
Interest income	$ 9,077	$ 158,821
Rebate income	-	28,484
Net realized gain on investments	4,899,936	7,820,898
Net realized loss on foreign exchange	(6,877)	(6,387)
Net change in unrealized (loss) gain on investments	(1,194,251)	53,109
Net change in unrealized loss on foreign exchange	-	(1,290)
Total income	3,707,885	8,053,635
EXPENSES		
Investment management fees	508,353	445,762
Custody and administration fees	90,162	47,881
Audit fees	22,910	8,030
Directors' fees	12,276	2,083
Other expenses	19,360	10,957
Total expenses	653,061	514,713
Net increase in net assets attributable to holders of redeemable participating shares	$ 3,054,824	$ 7,538,922

See accompanying notes to the financial statements

SNAEFELL ALTERNATIVE INVESTMENT FUND LIMITED
STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE PARTICIPATING SHARES
for the year ended December 31, 2007
(expressed in United States dollars)

	2007	2006
Net assets attributable to holders of redeemable participating shares at beginning of year	$ 54,962,320	$ 73,985,616
Redeemable participating shares issued	16,200,000	10,607,001
Redemption of redeemable participating shares	(15,407,304)	(37,169,219)
Net increase from share transactions	792,696	(26,562,218)
Net increase in net assets attributable to holders of redeemable participating shares from operations	3,054,824	7,538,922
Net assets attributable to holders of redeemable participating shares at end of year	$ 58,809,840	$ 54,962,320

See accompanying notes to the financial statements

SNAEFELL ALTERNATIVE INVESTMENT FUND LIMITED
STATEMENT OF CASH FLOWS
for the year ended December 31, 2007
(expressed in United States dollars)

	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES		
Net increase in net assets attributable to holders of redeemable participating shares from operations	$ 3,054,824	$ 7,538,922
Adjustments to reconcile net assets attributable to holders of redeemable participating shares from operations to net cash (used in) provided by operating activities		
Net realized gains on investments	(4,899,936)	(7,820,898)
Net change in unrealized loss/(gain) on investments	1,194,251	(53,109)
Cost of investments purchased	(25,994,503)	(40,681,441)
Proceeds from investments sold	10,144,503	75,171,824
Decrease (increase) in sundry receivables and prepayments	7,679	(8,825)
Decrease (increase) in other assets	647,129	(647,129)
(Increase) in receivable for investments sold	(504,924)	(9,500,000)
Increase (decrease) in sundry payables and accrued expenses	118,600	272
Net cash (used in) provided by operating activities	(16,232,377)	23,999,616
Cash flows from financing activities		
Proceeds on the issue of redeemable participating shares	10,000,000	16,807,001
Paid on redemption of redeemable participating shares	-	(37,169,219)
Net cash provided by (used in) financing activities	10,000,000	(20,362,218)
Net (decrease) increase in cash and cash equivalents	(6,232,377)	3,637,398
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	6,543,490	2,906,092
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 311,113	$ 6,543,490

SUPPLEMENTAL NON CASH ACTIVITY

Redemptions of redeemable participating shares paid in shares of underlying investments	$ 15,407,304	$ -

See accompanying notes to the financial statements

1. GENERAL

Snaefell Alternative Investment Fund Limited (the "Company") was incorporated in Bermuda on July 8, 2002, with limited liability and unlimited duration under the provisions of the Companies Act 1981 of Bermuda. The investment objective of the Company is to achieve annual returns of between 10% - 12% with low volatility. The Company will invest in a limited number of funds of funds and hedge funds.

The Company is managed by Thomas Miller Investment (Isle of Man) Limited (the "Investment Manager), a Bermuda exempted company, as appointed by the Directors. The Investment Manager is responsible, subject to the policies and controls of the Board of Directors, for the investment of the Company's assets.

2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below:

Basis of preparation
The financial statements of the Fund have been prepared in accordance with International Financial Reporting Standards ("IFRS") adopted by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB.

The financial statements are expressed in United States dollars, which reflects the Fund's primary activity of investing in Underlying Funds denominated in United States dollars and is the Fund's functional and presentation currency. The financial statements have been prepared under the historical-cost convention, as modified by the revaluation of financial assets at fair value through profit or loss.

Valuation of investments
Investments in investment funds are valued at fair value as determined by the Investment Manager, with the change in this value included in net unrealized gain or less on investments in the income statement. In determining fair value, the Investment Manager utilizes the net asset valuations of the investee investment funds which are drawn from their most recent net asset value provided by the relevant fund administrator which value securities and other financial instruments at fair value.

However, some investee investment funds may invest in non-marketable securities, such as non publicly traded securities, or investments in limited partnerships whose value is determined in good faith by the investment advisor of those funds. Appreciation or depreciation of investments in invest funds is net of all fees paid to their investment managers.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Participating shares

International Accounting Standard 32 Financial Instruments: Presentation ("IAS 32") requires entities that issue financial instruments to classify such instruments as liabilities or equity in accordance with the substance of the contractual arrangement and the definitions contained within IAS 32 of a financial liability and equity instrument. In this regard, IAS 32 requires that financial instruments that give the holder the right to put the instrument back to the issuer for cash or another financial asset be classified as a liability of the issuer. The shares issued by the Company provide the shareholders with the right to redeem their shares for cash equal to their proportionate share of the net asset value of the Company. Within the context of IAS 32, the existence of the option for the shareholders to put the shares back to the Company in exchange for cash requires the Company to classify the shares as liabilities.

The liability to shareholders is presented on the balance sheet as "net assets attributable to holders of redeemable participating shares" and is determined based on the residual assets of the Company after deducting the Company's other liabilities.

As the shares are classified as liabilities, distributions paid to shareholders are recognized by the Company as expenses rather than a distribution of equity.

Cash and cash equivalents

The Company considers all short-term, highly liquid investments with an original maturity of 90 days or less at the time of purchase to be cash equivalents. The carrying amount approximates fair value because of the short maturity of these investments.

Gains and losses

Investment transactions are recorded on a trade date basis. Realized gains or losses on investments are calculated on an average cost basis.

Income

Income earned is accounted for on an accruals basis and is shown gross of irrecoverable withholding taxes where applicable.

Foreign currencies

Assets and liabilities in foreign currencies are translated into United States dollars, the reporting currency, at year end exchange rates. Foreign currency gains and losses are included in the Income Statement. Transactions in foreign currencies which occurred during the year are translated into United States dollars at the rates prevailing on the transaction date.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Taxation

At the present time, no income, profit or capital gains taxes are levied in Bermuda and, accordingly, no provision for such taxes has been recorded by the Company.

The Company has received from the Minister of Finance of Bermuda under the Exempted Undertakings Tax Protection Act 1966 an assurance that, in the event of there being enacted in Bermuda any legislation imposing tax computed on profits or income, or computed on any capital assets, gain or appreciation or any tax in the nature of estate duty or inheritance tax, such tax shall not until March 28, 2016 be applicable to the Company or to any of its operations.

New and revised accounting pronouncements

Amendments to IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising in Liquidations was issued by the IASB in February 2008. The changes will be effective for periods beginning on or after January 1, 2009 although early adoption is permitted. The amendments to IAS 32 require that entities that have issued financial instruments that entitle the holder to a pro-rata share of the net assets of the entity (and that satisfy certain other conditions), to classify such financial instruments as equity. Participating shares will fall under the scope of these amendments and on this basis participating shares will be classified as equity on adoption of the amended standard. In the current year participating shares are classified as financial liabilities. Distributions paid to shareholders will be recognized as distributions of equity rather than an expense.

In March 2009, the IASB issued *Improving Disclosures about Financial Instruments (Amendments to IFRS 7)* (the "Amendments") for annual periods beginning on or after January 1, 2009, with earlier application permitted. The amendments introduce a three-level fair value disclosure hierarchy that distinguishes fair value measurements by the significance of the inputs used.

In addition, the amendments enhance disclosure requirements on the nature and extent of liquidity risk arising from financial instruments to which the Company is exposed. The Investment Manager is currently assessing the impact that these amendments to IFRS 7 will have on the Company's financial statement disclosures upon adoption.

Reclassification

Certain prior year balances have been reclassified to conform to the current presentation. These reclassifications did not result in a change to the prior year net assets attributable to holders of redeemable participating shares.

3. FEES AND EXPENSES

Investment Management fees
The Investment Manager will receive a fee from the Company based on the Investment Manager's costs incurred in the performance of its services. The fee for the year ended December 31, 2007 was $508,353 (2006: $445,762). The Company will pay the Investment Manager an incentive fee at a rate which will be in line with acceptable commercial standards for such services. The Investment Manager has decided not to charge any incentive fee during the year ended December 31, 2007 and 2006.

Custodian and Administrator fees
The Company terminated the service of HSBC Securities Services (Ireland) Limited as administrator with effect from March 31, 2007 and appointed Butterfield Fund Services (Bermuda) Limited as its administrator (the "Administrator") which is currently known as Butterfield Fulcrum Group (Bermuda) Ltd. Butterfield Trust (Bermuda) Limited (the "Custodian") is responsible for the custody of the Company's investments. The Custodian and Administrator are entitled to receive fees from the Company in accordance with specific agreements. The fees, which are accrued and are payable monthly in arrears, are based on the net asset value of the Company. In addition, the Custodian and Administrator are entitled to receive reasonable out of pocket expenses and the Custodian charges a custody transaction fee. The fee for the year ended December 31, 2007 was $90,162 (2006: $47,881).

The Company bears the cost of all brokerage commissions on trading transactions and fees in respect thereof, the Bermuda annual company registration fee, the fees and expenses of the auditors and legal advisers to the Company, the cost of printing and distributing the periodic and annual reports and statements and other operating expenses.

Directors' fees
Directors are entitled to remuneration for their services. The Directors may also be reimbursed, inter alia, for traveling, hotel and other expenses properly incurred by them in attending meetings of the Directors or in connection with the business of the Company. Any director who devotes special attention to the business of the Company may be paid such extra remuneration as the Directors may determine. The fees for the year ended December 31, 2007 were $12,276 (2006: $2,083).

4. SHARE CAPITAL

A new series of shares may be issued on each dealing day other than a dealing day which occurs on the first business day of a calendar year. Shares are issued in a series to ensure the equitable apportionment of incentive fees payable to the Investment Manager. The minimum initial subscription for shares by an investor is $100,000. Generally, shares may be redeemed on each Dealing Day with 30 calendar days prior written notice.

(expressed in United States dollars)

4. SHARE CAPITAL (cont'd)

At each financial year end of the Company, each series of shares other than the initial series will be consolidated into the initial series.

	2007 Number of shares	**2006 Number of shares**
Authorized:		
100 Manager shares at US$1.00 par value	100	100
990,000 non-voting participating shares at US$0.01 par value	9,900	9,900
	10,000	10,000

Movement in share capital during the year was as follows:

	2007 Number of shares	**2006 Number of shares**
Balance at January 1, 2007	42,087	63,709
Issue of shares	16,200	8,989
Redemption of shares	(11,623)	(30,611)
Balance at December 31, 2007	46,664	42,087

5. COMPARATIVE NET ASSET VALUE TABLE

As at December 31, 2007	**Net Asset Value Total**	**Shares in Issue**	**Net Asset Value per share**
Initial Series	$41,972,676	30,464	$1,377.79
Series 1 2007	$ 6,541,194	6,200	$1,055.03
Series 2 2007	$10,295,970	10,000	$1,029.60

As at December 31, 2006	**Net Asset Value Total**	**Shares in Issue**	**Net Asset Value per share**
Initial Series	$54,962,320	42,087	$1,305.92

6. Financial instruments and related risks

The main risks arising from the Company's investments in financial instruments are as follows:

Market risk

The Company's portfolio is subject to normal market fluctuations and the risk inherent in all investments and there can be no assurance that appreciation will occur. The Company invests in other investment funds and as such is also indirectly exposed to any risks inherent to those investment funds.

Market risk represents the potential loss that can be caused by a change in the market value of a financial instrument. The Company's exposure to market risk is determined by a number of factors which may be affected by the investment strategies employed by the underlying investment funds. Market risk includes currency risk, interest rate risk and price risk.

Changes in currency exchange rates relative to the US Dollar will affect the US Dollar value of the Company's assets denominated in that currency and thereby impact upon the Company's total return on such assets and investments.

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer or factors affecting similar financial instruments traded in the market. The Company is exposed to price risk arising from its investments in investment funds and derivatives. However, the trading strategy of the Company means that there is no direct relationship between any established market indices, interest rates or foreign exchange rates and the expected performance of the Company.

Interest rate risk arises from the possibility that changes in interest rates will affect the value of financial instruments. The Company may be exposed to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The Fund is exposed to interest rate risk as a result of mismatches or gaps in the amounts of assets and liabilities that mature or re-price in a given period. The Company does not have significant exposure to interest rate risk. The Company is only exposed to interest rate risk through its cash and cash equivalents.

Credit risk

Credit risk arises from the potential failure of the counterparty to perform according to the terms of the contract. The Company's counterparties are generally major international brokerage firms and banks. Underlying investment funds are not restricted in who they may use as a counterparty.

Concentrations of credit risk exist when changes in economic, industry or geographic factors similarly affect the Company's counterparties whose aggregate credit exposure is significant in relation to the Company's total credit exposure.

(expressed in United States dollars)

6. Financial instruments and related risks (cont'd)

Liquidity risk

An investment in shares provides limited liquidity since shares are only freely transferable between Qualified Investors and generally share redemption is limited. Additionally, these investments in other investment funds may not be readily realizable due to lock-up periods; portions of assets being held in sidepockets; extended withdrawal, notice or settlement periods; or in extraordinary cases periods in which redemptions are suspended due to adverse market conditions. There can be no assurance that the Company will have sufficient cash to satisfy redemption requests, or that it will be able to liquidate investments at the time of such redemption requests at favourable prices.

Off-balance sheet risk refers to situations where the maximum potential loss on a particular investment is greater than the value of the asset or liability reflected in the statements of assets and liabilities. The risk to the Company for its investments in investment funds is limited to the amount of the Company's related investment in the underlying fund.

7. Sundry payables and accrued expenses

	2007	2006
Audit fees	$ 30,800	$ 23,290
Administration fees	18,278	5,510
Investment management fees	98,199	-
Other expenses	800	577
	$ 148,077	$ 29,377

8. Distributions

It is the intention of the Board not to make distributions of net income by way of dividends.

9. Cash at bank

All cash balances are held with The Bank of N.T. Butterfield & Son Ltd.

10. Related party transactions

No Director has any interest in the shares of the Company. Brian Sheppard is Director of both the Company and the Investment Manager. David Hunter is a Director of Thomas Miller (Bermuda) Limited and Richard Jarvis is a Director of Thomas Miller Investment Limited, both companies being in the same group of companies as the Investment Manager.

11. Approval of the Financial Statements

The financial statements were approved by the Directors on October 2, 2009.