

Prime Insight

Special Report from Scotia Prime Brokerage

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| January 2009

Credit Crunch Contrarians

There are few participants in the Hedge Fund industry who would like to see a repeat of the Credit Crunch that occurred in 2008. Even those who anticipated the deleveraging in the financial system last year, were surprised at the velocity with which it took place. Many expected the consumer-led economy to ease alongside the housing market but the resulting impact this had on the hedge fund industry caught many asleep at the wheel.

At Scotia Capital Prime Brokerage, I am pleased to say that The Bank of Nova Scotia's balance sheet has remained strong, which has enabled our Prime Brokerage unit to continue our commitment to clients. Importantly, our approach to financing has remained consistent throughout 2008, which gives our existing clients confidence in their counterparty. In addition, as our peers reduce their client commitments and the issue of counterparty risk becomes the top priority, it leaves us well placed to capitalize on the opportunity.

The media take great pleasure in focusing on hedge funds who have shut down in 2008, as a result of poor performance and redemptions; a trend that will most likely continue in the first half of 2009. However, we believe there is an opportunity to present funds that have not only navigated their way through the storms of 2008, but may have emerged stronger for 2009 with an infrastructure and business strategy in place for success.

We are proud of the work our Capital Introduction team has executed in 2008 and we continue to work diligently with the investment community to insure that we communicate funds and information to you, to benefit your business.

In the first of a series of quarterly insights, please find a selection of interviews with funds that have survived 2008 and are setting their sights on taking advantage of the opportunities that exist in 2009.

As always, we welcome your feedback and comments.



The unraveling of counterparty commitments could not be modeled, and the speed and depth at which legacy financial institutions became victimized was surely akin to a U.S. born tsunami traveling with force across the full 40,000 km of the Earth's surface. Gregory Smith, Managing Director - Global Equity Finance, Asia

Patrick Blessing

Managing Director

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"We expect 2009 to be characterized by continued high levels of volatility, relative outperformance of higher quality, larger capitalization issues, and relatively muted performance across the broad equity markets."

JC Clark

Portfolio Manager: John Clark

Fund Managed: Preservation Capital

Firm Assets (Millions): US\$200m

Fund Assets: US\$10m (US\$110m Strategy)

Lock-Up Period: No lock up, 2% Redemption fee in the first 12 months

Redemption Terms: Monthly liquidity with 90 days notice

2008 Performance: +10.31%

Bio: John Clark

John Clark is the founder, Chairman & CEO of JC Clark Ltd. Mr. Clark graduated from Duke University in 1963. After spending time as a partner with Francis DuPont and as a shareholder and director of Baker Weeks of Canada, Mr. Clark co-founded Connor Clark & Co. in 1977. In 1982, John founded Connor, Clark & Lunn, a Vancouver based pension management business in partnership with two other individuals.

In 1999, The Royal Bank of Canada purchased Connor Clark & Co. to expand their high net-worth private client division. Over the years, Mr. Clark has served on several boards including the Empire Company, Arbor Memorial Services Inc., and the Toronto Stock Exchange where he was Chairman from 1995 to 1997.

In February 2001, Mr. Clark founded JC Clark (a boutique investment management firm) to provide highly focused investment products for his own family and a select group of high net-worth individuals and institutions. JC Clark manages two core long short equity hedge funds: the firm's flagship fund, The Preservation Trust, is a North American focused fund and the Focused Opportunities Fund is a Canadian focused fund.

Q *What are the main challenges you have faced over the past 12 months and how have you managed to navigate your way successfully through these?*

2008 has been an incredibly challenging year for all investors. Exceptional market volatility, rapidly changing company fundamentals, and large changes in valuation multiples have all contributed to a difficult environment for fundamentally driven equity investors. Fundamental factors have also been exacerbated by non-fundamental considerations such as a flight to quality/liquidity and large fund redemptions across various geographies. Generally speaking this has put downward pressure on equity prices on a global basis.

Our strategy has weathered the storm well for a variety of reasons. Early in 2008, we reduced our long exposure to small capitalization equities and as the volatility increased during the summer months we shrunk the gross exposure of the strategy and weighted the portfolio more heavily in cash. We also maintained an active short book throughout the year and successfully used sharp bear market rallies as opportunities to add to our short exposure.

Q *What are your predictions for 2009, in terms of opportunities within your strategy and the overall direction of the markets? In your view, what market catalysts will drive these predictions and how will your fund be uniquely positioned to capitalize on them?*

Our predictions for 2009 start with our analysis of markets and a thesis that we initially put in place approximately 4 years ago. At that time our analysis suggested a pull-back in the housing market and shorts in that sector became the first iteration of the thesis. The second iteration was the shorting of many of the financial sector stocks, specifically lenders. The third iteration of this thesis (which we are currently executing) is the shorting of many consumer cyclical, large ticket item manufacturers and retailers.

We believe that 2009 will be another challenging year in the equity markets. More specifically, we expect 2009 to be characterized by continued high levels of volatility, relative outperformance of higher quality, larger capitalization issues, and relatively muted performance across the broad equity markets.

Security selection will continue to be of utmost importance. We are confident that such an environment will favour our low net market exposure long/short strategy and will allow us to generate alpha through superior security selection. We see opportunities in our long book in both higher quality names trading a multi-decade valuation lows and in event-driven opportunities. On the short side we believe that low quality, smaller capitalization issues and particularly companies with extreme financial leverage will underperform and as a result offer interesting short opportunities.

Q *It has been often said that turmoil in financial markets could halve the number of hedge funds by the end of next year. To that end, how has your business model and investment strategy evolved in response to the recent crisis?*

While our business model remains unchanged, we are actively looking for new opportunities amidst the current market turmoil. We believe that our position of strength should allow us to actively grow our business by adding talented people and launching new strategies. We will also work to grow our client base and increase our access to long-term stable investor capital.

JC Clark

Marret Asset Management

Polar Securities

Sprott Asset Management

Waterstone Capital Management

For more information on the following manager please contact cap_intro@scotiacapital.com.



Marret Asset Management

Portfolio Manager: Barry Allan

Fund Managed: The Marret Fund Ltd

Firm Assets: \$1.7 billion

Fund Assets: \$33 million

Program Assets: US\$425 million

Lock-Up Period: 12 month Lock-up

Redemption Terms: Monthly redemption with 65 days notice

2008 Performance: -5.7%

Bio: Barry Allan

Barry Allan is the founder, President, and Chief Investment Officer of Marret Asset Management Inc. Mr. Allan has over 25 years of investment experience and spent the six years prior to founding Marret in 2000 as the lead high yield bond portfolio manager at Altamira Investment Services, a prominent employee-owned firm that was later sold to National Bank. At Altamira, Mr. Allan managed a wide variety of fixed income mandates and also held secondary responsibilities on several equity and balanced mandates. During this period he was the lead manager of the Altamira High Yield Bond Fund, co-manager of the Balanced and Growth & Income Funds, lead manager of the Global Bond and Global Short-Term Income Funds.

Mr. Allan also managed several institutional mandates with alternative investment strategies including: long-short global bonds and currencies; commodity derivatives in equity portfolios; and bonds with embedded options to gain convexity. He was also responsible for internal risk management and oversaw the hedging activities for the company's own balance sheet. Prior to Altamira, Mr. Allan was on the trading desks at Nesbitt Thompson and the Bank of Montreal.

Marret Asset Management is an employee-owned firm concentrating on the analysis of higher yielding corporate securities. Since December 2002, Marret has offered a long-short high yield fund employing capital structure arbitrage on non-investment-grade corporate debt issuers. Marret focuses on Canadian companies with debt trading in the U.S. high yield market and equity in the Canadian market. This low-volatility strategy provides equity-like returns with fixed income risk levels. Marret has a large team of industry-specialized research analysts.

Q *What are the main challenges you have faced over the past 12 months and how have you managed to navigate your way successfully through these?*

2008 was a challenging year on all fronts. We had correctly identified the credit bubble and that the unwind would be painful. The biggest problem we faced was implementing this view given the degree of volatility and illiquidity in markets. The CDX index products were useful but as the crisis unfolded, counterparty risk became a problem and our major counterparties severely restricted credit availability. Ironically, unleveraged funds like ours faced the most restriction because it was impossible to withdraw credit to highly leveraged funds without exacerbating the problem. Overall, we managed to preserve capital which was extremely important in the end.

Q *What are your predictions for 2009, in terms of opportunities within your strategy and the overall direction of the markets? In your view, what market catalysts will drive these predictions and how will your fund be uniquely positioned to capitalize on them?*

We are entering the single greatest opportunity in credit markets ever, however we expect volatility will remain high. We see the next major trade to be long credit, short Treasuries, long gold (and later oil) and short the US dollar. This trade will begin in 2009, although it may not occur until Q2 or Q3. The massive monetary and fiscal stimulus will eventually erode the deflationary trends coming out of the "credit crisis" deleveraging. The operative word is "eventually" though, as it will take time. We see at least two violent rallies in credit and equities, followed by vicious sell-offs before the narrowing trend of credit spreads becoming sustainable. Our strategy is to maintain a neutral bias while trading the rallies and selloffs until we are comfortable getting aggressively long.

Q *It has been often said that turmoil in financial markets could halve the number of hedge funds by the end of next year. To that end, how has your business model and investment strategy evolved in response to the recent crisis?*

Our business model and strategy has not changed as a result of developments in 2008. We have always run an unleveraged strategy designed to produce equity returns with debt risk. Since inception (Dec 2002), our fund has produced roughly 400% of the return of the S+P 500 with 40% of the volatility. We see hedge funds as being non correlated investment vehicles that should either produce the same returns as the indices with a lot less risk or higher returns with equal volatility. Our fund has produced both, high returns and less risk. We also believe that credit markets will produce much better risk adjusted returns than equities over the next several years. We have gone through 30 years of increasing leverage, which is now being unwound. Deleveraging favors credit markets.

JC Clark

Marret Asset Management

Polar Securities

Sprott Asset Management

Waterstone Capital Management

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“Our view that liquidity was being reduced worldwide allowed us to adequately prepare for the massive market deleveraging in Q4.”

Polar Securities

Portfolio Manager: Paul Sabourin

Fund Managed: North Pole Capital USD Fund

Firm Assets (Millions): CAD\$1,050.7 million

Lock-Up Period: None

Redemption Terms: Quarterly, 60 days notice or monthly, 90 day notice

2008 Performance: -8% E

Bio: *Paul Sabourin: Chairman, Chief Investment Officer, Lead Portfolio Strategist*

Paul graduated from the University of Toronto in 1975 with a B.A., and the University of Western Ontario in 1980 with an MBA. He joined Burns Fry Ltd., an independent brokerage firm which was later purchased by the Bank of Montreal, in 1982 as a research analyst focusing on small cap stocks. In 1983, he moved to institutional trading and worked in a number of areas including preferred shares, convertible bonds, risk arbitrage and liability trading. In 1987, Paul became a director of Burns Fry and later a member of the Executive Committee, responsible for managing the firm's institutional trading area.

In 1991, Paul was a founding partner of Polar Securities Inc. Since that time, he has variously managed the convertible arbitrage, merger arbitrage, and equity special situations portfolios. Paul has been the Chief Investment Officer since 1991 and was Chief Executive Officer up until January 2006.

Polar Securities is Canada's oldest and second largest hedge fund company, founded by Paul Sabourin in 1991. The firm is employee owned with offices in Toronto and Calgary. It manages approx. \$Cdn 1 billion for mostly international clients; including American fund of funds, Swiss private banks and Japanese life insurance companies. Polar has an institutional grade operations and risk management infrastructure.

Polar manages three funds: North Pole, a Canadian focused multi-strategy fund, Altairis, a North American long/short fund and South Pole, a Canadian focused distressed securities fund.

Q *What are the main challenges you have faced over the past 12 months and how have you managed to navigate your way successfully through these?*

The past 12 months were fraught with a great many challenges: reduced levels of liquidity; prime broker deleveraging; widening of credit spreads; and the collapse of commodity prices underpinning much of the Canadian market.

Polar was able to navigate its way through 2008 with a strong risk management culture, the use of a wide variety of hedging instruments and a “capital preservation first” mentality. Our view that liquidity was being reduced worldwide allowed us to adequately prepare for the massive market deleveraging in Q4.

Q *What are your predictions for 2009, in terms of opportunities within your strategy and the overall direction of the markets? In your view, what market catalysts will drive these predictions, and how will [fund] be uniquely positioned to capitalize on them?*

In managing Canada's oldest and largest multi-strategy fund, North Pole, we see and expect to take advantage of the many Canadian-centric opportunities presenting themselves for 2009. For instance, the Canadian convertible bond market has a YTM averaging 20%. The warrant market is deep and affords many volatility trading opportunities. Merger arbitrage in Canada is expected to be active as capital, especially from banks and loan providers (including hedge funds), contract, forcing smaller players into the arms of larger industry participants.

Polar Securities' North Pole multi-strategy fund is focused on volatility inherent in many of our markets; warrants, commodities, commodity stocks, etc, rather than on market direction. We work on the interplay and short term lack of correlation between financial instruments including stocks, commodities and equity derivatives.

In terms of positioning, we anticipate there will be reduced competition in our home market with the exit of some US and London-based multi-strategy funds, Canadian competitors as well as less proprietary capital at Canadian dealers. We see a continued opportunity to be a liquidity provider where others have exited and to be paid far better to take on risk across a number of fronts.

Q *It has been often said that turmoil in financial markets could halve the number of hedge funds by the end of next year. To that end, how has your business model and investment strategy evolved in response to the recent crisis?*

We have always had an institutionally-focused business model where we have direct contact with our main clients on a very active basis, often weekly. While we have recently seen some redemptions, we maintain an active marketing program and our returns have allowed us to demonstrate the benefits of a low volatility, non-directional model.

In response to the recent crisis, we have reduced our exposure to some US basis credit strategies, increased our exposure to volatility strategies and beefed up our distressed team in response to the current tough economic outlook. We carry a higher than normal cash balance to deal with potential liquidity and redemption issues which also allows us to quickly respond to substantial new investment and trading opportunities.

For more information on the following manager please contact cap_intro@scotiacapital.com.

JC Clark

Marret Asset
Management

Polar Securities

Sprott Asset
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Waterstone Capital
Management



"It is our belief that while this expansionary monetary policy will inevitably lead to widespread inflation in the long-run, the ongoing deleveraging process will continue to result in tremendous volatility going into 2009."

Sprott Asset Management

Portfolio Manager: Jean-François Tardif

Fund Managed: Sprott Opportunities Hedge Fund LP

Sprott Opportunities Offshore Fund, Ltd.

Sprott Opportunities RSP Fund

Sprott Opportunities Capital Fund LP

Firm Assets (Millions): +US\$5 Billion (As of September 30, 2008)

Sprott Opportunities Strategy Assets: US\$476.7 Million (As of September 30, 2008)

Lock-Up Period: None

Redemption Terms: Monthly (60 Days Notice)

2008 Performance: +1.23%E (Sprott Opportunities Offshore Fund)

Bio: Jean-François Tardif, CFA, Senior Portfolio Manager

Jean-François Tardif joined Sprott Asset Management (SAM) in November 2001. He is currently the Lead Portfolio Manager for the Sprott Opportunities Hedge Fund LP, Sprott Opportunities RSP Fund and Sprott Opportunities Offshore Fund with combined assets over US\$450 million. In 2007, Mr. Tardif was recognized at the HFM Week's US Performance Awards Ceremony as the Best Canada-Based Hedge Fund Manager and was nominated for the Best Long/Short Hedge Fund Manager award. Mr. Tardif was recruited to SAM based on his notable stock picking abilities and portfolio management successes which were demonstrated throughout his 11 years in the financial industry and as a Portfolio Manager for various funds at ING Investment Management and Montreal-based Cote 100. Mr. Tardif has a Bachelor of Business Administration from Sherbrooke University as well as the CFA Charter.

Founded in August 2000, **Sprott Asset Management Inc. (SAM)** is a wholly owned subsidiary of Sprott Inc. (SII). The firm has grown into one of Canada's largest hedge fund companies with over US\$5 Billion in assets under management. The Toronto-based firm currently has 81 employees, including ten portfolio managers and nine research analysts. The firm manages six mutual fund strategies and four hedge fund strategies. the London School of Economics.

Q *What are the main challenges you have faced over the past 12 months and how have you managed to navigate your way successfully through these?*

The second half of 2008 has been tremendously challenging. Virtually every asset class has sustained severe losses, with equities bearing the heaviest brunt of the deleveraging process. We began preparing for the effects of deleveraging mid-year, and successfully lowered the Fund's net exposure before the market sell-off gained momentum.

In addition to lowering overall exposure, we also navigated our way through the downturn by focusing on the short portfolio, which was put to the test from August 2008 onwards. Our previous experiences shorting in volatile markets proved invaluable during the second half of the year, and resulted in the majority of our shorts generating substantial returns for the Fund.

The greatest difficulty in managing the short portfolio has been maintaining the overall exposure as the selected stocks declined in value. Over the second half, we've looked beyond the S&P 500 to other areas of the equity market to find new names with downside potential. Looking into 2009, we expect the short portfolio to be an important part of our investment strategy as equity markets react to increasingly negative economic news. We will also focus on selective stock-picking on the long side, with an emphasis on growth in free cash flow.

Q *What are your predictions for 2009, in terms of opportunities within your strategy and the overall direction of the markets? In your view, what market catalysts will drive these predictions and how will your fund be uniquely positioned to capitalize on them?*

We believe that the market is currently caught in a battle between two opposing forces: that of downward pressure on asset prices resulting from the global deleveraging process, and that of the inflationary impact of economic stimulus packages and unabated money printing being implemented by governments and central banks around the world.

It is our belief that while this expansionary monetary policy will inevitably lead to widespread inflation in the long-run, the ongoing deleveraging process will continue to result in tremendous volatility going into 2009. As a result, we believe that the "buy and hold" approach is no longer the most effective strategy, and we plan to trade frequently, with the intention of buying on weakness and selling into strength. We do not believe we will see a sustained market recovery in 2009, although we do expect to see significant rallies and continued volatility.

Q *It has been often said that turmoil in financial markets could halve the number of hedge funds by the end of next year. To that end, how has your business model and investment strategy evolved in response to the recent crisis?*

Our main investment goal during the second half of 2008 has been to preserve capital. We have tried to limit the Fund's risk profile in light of the market's extreme volatility. Looking forward into 2009, we plan to be increasingly selective in the long portfolio and place more emphasis on the Fund's overall liquidity. The Fund currently has ample cash to invest when new opportunities arise, and we will place emphasis on maintaining the Fund's flexibility as this bear market continues.

JC Clark

Marret Asset
Management

Polar Securities

**Sprott Asset
Management**

Waterstone Capital
Management

For more information on the following manager please contact cap_intro@scotiacapital.com.



Waterstone Capital Management

Portfolio Manager: Shawn Bergerson

Fund Managed: Waterstone Market Neutral Master Fund LTd

Firm Assets (Millions): US\$824,300,000

Lock-Up Period: 1 year soft lock up with a 5% early redemption fee paid to the fund

Redemption Terms: Quarterly with 45 days notice; subject to 25% Gate

2008 Performance: +12.02%

Bio: Shawn Bergerson, CFA – Founder, CIO, Portfolio Manager

Shawn Bergerson established Waterstone Capital Management in January, 2003. Prior to founding Waterstone, Mr. Bergerson served as Chief Investment Officer of the multi-strategy Market Neutral Fund and as Portfolio Manager of the Convertible Arbitrage Group for Deephaven Capital Management. Mr. Bergerson has more than 20 years of investment experience including former positions as Portfolio Manager and Partner for Forest Investment Management, Executive Director for UBS (through the acquisition of O'Connor and Associates) and Assistant Vice President for National Westminster Bank USA.

Mr. Bergerson earned a Master of Business Administration degree with highest honors from Northwestern University's J.L. Kellogg Graduate School of Management, graduating with a 4.0 grade point average. Mr. Bergerson also holds a Bachelor of Arts degree in Economics from Columbia College and a General Course degree from the London School of Economics.

"Overall, the main driver of our outperformance has been our credit selection and our fundamental research to determine which credits to go long and which ones to short."

Q *What are the main challenges you have faced over the past 12 months and how have you managed to navigate your way successfully through these?*

The main challenges over the past 12 months has been the credit crisis, force selling of funds that need to fund redemptions because of bad performance, increase in prime brokerage financing of credit type of products and the short ban rule that occurred in September.

We have been positioned since 2006 in preparation of a credit crisis where we have had short credit positions, we were long investment grade and short high yield names and specifically avoided holding bad credits in the portfolio. Overall, the main driver of our outperformance has been our credit selection and our fundamental research to determine which credits to go long and which ones to short.

Q *What are your predictions for 2009, in terms of opportunities within your strategy and the overall direction of the markets? In your view, what market catalysts will drive these predications and how will your fund be uniquely positioned to capitalize on them?*

Convertibles are the cheapest part of the capital structure and is the cheapest way to go long credit compared to the credit spreads of straight debt and cds's.(need to fix grammar). There is now real evidence of a turnaround in the technicals of the convertible market. While we have voiced our strong opinion on the 4 major fundamental drivers of the convertible strategy's returns being the best ever (realize the positive returns from earning the credit spread through coupons and bond accretion, monetize the equity volatility by re-hedging our positions, earn the discount to fair value of converts as they move towards fair value at maturity or a put date and currently, benefitting from events, primarily mergers and acquisitions of weaker companies by stronger ones.), the forced selling and technicals have been overwhelmingly negative in the shorter run.

Now the technicals are turning around. The key part of this is the emergence of many new, large buyers who haven't before bought convertible securities. The investment banks and the invisible hand of investors looking to maximize returns has led new investors to understand that convertible prices are severely and irrationally distressed and that they offer the best risk/reward profile in the credit space. The main driver of returns going forward will be driven by credit research and to avoid bad credits.

Q *It has been often said that turmoil in financial markets could halve the number of hedge funds by the end of next year. To that end, how has your business model and investment strategy evolved in response to the recent crisis?*

Because of our outperformance, Waterstone isn't experiencing any business risk and haven't needed to change our business model or plan. We haven't been forced to change our approach, methodology or strategy on how we think about and trade the capital structure. We are not having the same issues other funds are having. We are able to think a lot more rational and take advantage of the opportunities then other funds because we don't have the same issues of redemptions, gates or negative performance. This is the best time to be investing in the convertible strategy in the over 25 year history of the product. Our own 9 year track record of approximately 12% annual returns shows this is a viable strategy and we have never been more optimistic about the one to two year horizon than we are now. Now is the time to take advantage of the forced sellers and those that are getting out just because of recent past performance rather than the current valuation and forward looking exceptional expected returns.

JC Clark

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For more information on the following manager please contact cap_intro@scotiacapital.com.



Prime Brokerage Services

Scotia Capital represents the global corporate and investment banking and capital markets businesses of the Scotiabank Group. With operations in some 50 countries and more than 2000 branches and offices worldwide, The Bank of Nova Scotia is Canada's most international bank, with total assets of over C\$500 billion (as at October 31, 2008).

Scotia Capital has long been dedicated to adding value to global hedge fund and alternative asset managers. For over two decades, we have been involved in securities lending, providing clients across Canada, the U.S., Europe and Asia with flexible and effective financing solutions. We offer a full-service equity finance platform with extensive experience in prime brokerage, securities lending, and synthetic financing solutions.

Prime brokerage is also a portal to other Scotia Capital services including:

- Capital Introduction
- Clearing, Custody and Margin Financing
- Equity Research, Sales and Execution
- Structured Derivative and Credit Solutions
- Futures Execution and Give-up Arrangements
- On-line FX Execution

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PRIME BROKERAGE

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YOU ACKNOWLEDGE THAT YOU ARE A SOPHISTICATED INVESTOR WHO IS FULLY CAPABLE OF CONDUCTING YOUR OWN INDEPENDENT RESEARCH AND MAKING YOUR OWN INVESTMENT DECISIONS. YOU ACKNOWLEDGE THAT ALL INFORMATION PROVIDED TO YOU IS BEING SUPPLIED PURSUANT TO YOUR CONTINUING REQUEST (FIRST MADE AT THE TIME OF YOUR INITIAL PARTICIPATION IN OUR INTRODUCTION PROGRAM) THAT WE PERIODICALLY PROVIDE AND UPDATE YOU WITH INFORMATION ABOUT HEDGE FUNDS, FUND MANAGERS, INVESTMENT STRATEGIES AND UPCOMING EVENTS. YOU UNDERSTAND THAT (I) INVESTMENTS IN HEDGE FUNDS ARE SPECULATIVE, INVOLVE A HIGH DEGREE OF RISK, AND ARE ILLIQUID; (II) HEDGE FUNDS MAY BE HIGHLY LEVERAGED AND THEIR PERFORMANCE CAN BE VOLATILE; AND (III) YOU COULD LOSE ALL OR A SUBSTANTIAL AMOUNT OF ANY INVESTMENT YOU MAKE. YOU ARE SOLELY RESPONSIBLE FOR CONDUCTING YOUR OWN DUE DILIGENCE REGARDING ANY PARTICULAR FUND, THE QUALIFICATIONS OF ITS MANAGER, ITS OFFERING, STRATEGY AND PERFORMANCE, INCLUDING CONSULTING YOUR OWN LEGAL, TAX AND INVESTMENT ADVISORS, AND THAT ANY INFORMATIONAL MATERIALS OBTAINED FROM SCOTIA CAPITAL SHALL NOT FORM THE PRIMARY BASIS OF ANY INVESTMENT DECISION YOU MAY MAKE.