

Investing Essentials: Making sense of Hedge Funds

Hedge Funds invest in a wider range of securities than traditional funds.

They are high risk, complex investments, less subject to regulatory oversight.

They can have long and short exposures.

They are aimed at experienced investors.

Four key facts about Hedge Funds

1. Risk/Return
 - Flexibility to choose strategies for specific risk/return outcomes.
 - Potentially more efficient risk/return stream.
2. Correlation benefits
 - Returns less correlated to market moves, allowing more freedom and a different source of returns.
3. Portfolio diversification
 - Variety of strategies available offering diversification benefits.
4. Downside cushion
 - Ability to reduce losses when markets fall.

To find out more about Hedge Funds speak to your Relationship Manager or Investment Counsellor.

Key Risks

An investment in a Hedge Fund carries substantial risks. The risks inherent to an investment in Hedge Funds are of a nature and degree not typically encountered in investments in securities of companies listed on major securities markets worldwide. There can be no assurance that the Fund's investment objective will be achieved and investment results may vary substantially over time. Investors incur the risk of losing all or part of their investment in the Fund.

Prospective investors should carefully consider whether an investment in shares is suitable for them in the light of their own circumstances and financial resources. Past performance does not predict future returns. The price of units or shares can go down as well as up and may be affected by changes in exchange rates. An investor may not receive back the amount invested. Such investments are illiquid, will not be listed on any exchange and should be regarded as fixed and long term.

Alternative investments are intended for sophisticated and experienced investors who are willing to bear the economic risks of the investment, including the possible loss of the principal amount invested. Alternative investments may use leverage and other speculative practices which increase

the risk of investment loss. Alternative investments are not required to provide period pricing or valuation information to investors. Investors can expect fees to be higher than those of mutual funds. It is essential that investors read the prospectus of the Fund and acquaint themselves with the risks associated with an investment in the Fund, including the risks of the underlying investments.