

# XXX Fund

March Rate Of Return **4.75%**  
 Year to date ROR **8.27%**

## Monthly Report - February 2005

This document should be read in conjunction with our Offering Memorandum. All figures are based on the official prime broker statements and gross Asset Values, including transactions costs, but excluding management and performance fees.

### Mark to Market statistics

#### Monthly Rates Of Return

March(2005-03-22) 4.75%  
 February(2005-02-24) 2.15%  
 January(2005-01-25) 1.19%  
 December(2004-12-31) -2.28%

#### Risk Adjusted Performance Measures

Sharpe ratio 1.71  
 Morningstar Risk Adjusted Return 15.97%

#### Risk Measures

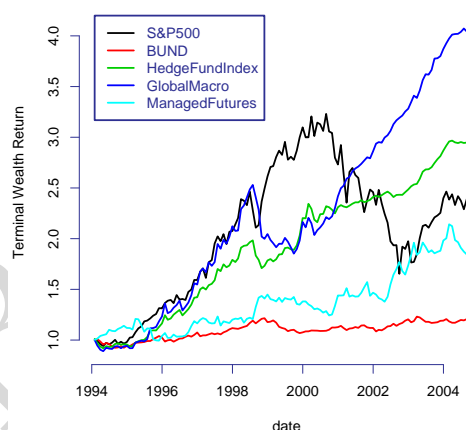
Annualized Volatility of the Fund 10.45%  
 Value at Risk -3.86%  
 one month 95% VaR, Cornish Fisher estimates  
 Maximum Monthly Drawdown 2.28%

#### Higher moments

skewness 0.43  
 kurtosis 1.5

- Risk Adjusted Performance and Risk measures (Volatility and Value at Risk) are estimated from daily asset values. Maximum Monthly Drawdown is based on actual monthly data. Risk Adjusted Performance measures (Sharpe, MRAR) are computed without considering risk free rate. The Sharpe ratio is simply defined as the rate of return divided by the volatility.
- The Morningstar Risk Adjusted Return (MRAR) measure is the certainty equivalence for a typical investor endowed with a risk aversion about 3. That is, such investor should prefer to invest in the Fund rather than investing in a risk free asset with return less than the Fund MRAR, i.e. 15.97% per year. According to the current Fund MRAR, the Fund has the highest MRAR among all Hedge Fund Indices due to excess positive return, low volatility and positive skewness. Positive skewness means that small losses altern with big positive outcomes. This is consistent with the investment and risk policies that implements a "cut your losses and let your profits run" rule. Investors favor positive skewness as shown by MRAR.

### Cumulative returns for investment

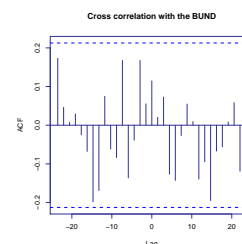
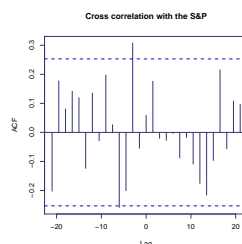


	Annualized (estimates)			
	RoR	Volatility	Sharpe	MRAR
<b>XXX Fund</b>	<b>17.85</b>	<b>10.45</b>	<b>1.71</b>	<b>15.97</b>
S&P 500	8.50	16.66	0.51	4.33
HedgeFundIndex	11.34	8.15	1.39	10.26
GlobalMacro	14.68	11.59	1.27	12.44
ManagedFutures	7.76	12.20	0.64	5.42

For the XXX Fund the annualized measures are estimated from daily asset values.

### Correlations

S&P 500 5.89%  
 BUND 11.45%



The daily returns of the XXX Fund display non significant correlation at any lag with all standard asset classes.

## Investment and Risk Policies

The Fund aims to achieve consistent and regular absolute returns with low correlation with both traditional equity and bond markets.

More precisely, the risk/return profile of the Fund has no linear relationship with standard asset classes, so that the Fund can be used as an efficient vehicle for diversification and performance smoothing under any market condition.

Trading systems are 100% statistical and systematic in nature taking positions when predictability becomes higher, specifically during or after shocks that create opportunity sets. The position is proportionnal to the expected gain and inversely proportionnal to the risk measure.

Risk Management features accurate measure and control of Value at Risk and Drawdown based on different models. To minimize model and estimation risks, the trading limits are defined as the worst case scenario. Safety Stop losses are defined to enforce VaR daily limits.

## Risk & Return Objectives

Trading objectives do not guarantee future results

Annualized Return	> 20%
Sharpe Ratio	> 1
Volatility	< 15%
Monthly 95% VaR	< 4%
Daily 99% VaR	< 2.5%
Monthly Drawdown (one year horizon, 95% confidence)	< 10%

## Fund Features

<b>Incorporated:</b>	XXX
<b>Structure:</b>	Private Fund
<b>Administrator:</b>	XXX
<b>Prime Broker:</b>	XXX
<b>Auditor:</b>	XXX
<b>Liquidity:</b>	Monthly
<b>Redemption notice:</b>	one month
<b>Lock-up:</b>	No
<b>Minimum subscription:</b>	1 000 000 euros
<b>Management fees:</b>	2%
<b>Performance fees:</b>	20%