IKOS CIF LTD

DISCLOSURES IN ACCORDANCE WITH BASEL II, PILLAR 3

YEAR 2009

April 2010

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A. SCOPE OF APPLICATION

The information below is disclosed in accordance with Directive DI144-2007-05 of the Cyprus Securities and Exchange Commission ("CySEC") for the Capital Requirements of Investment Firms.

The principal activity of IKOS CIF Limited ("IKOS CIF"; "the Company") is the provision of financial services within the meaning and terms of the Investment Services and Activities and Regulated Markets Law of 2007.

IKOS CIF Limited has been contracted by IKOS Asset Management Limited ("the Client"), a related investment management company incorporated in the Cayman Islands, to provide sub-investment management services.

IKOS CIF Limited does not have any subsidiaries and therefore the information presented in this report relates solely to the Company.

The Company has chosen to make this report available on its website.

B. OWN FUNDS

The Company's own funds as at 31 December 2009 were €3.262 thousand as presented in the table below:

Table: Capital Base of IKOS CIF Limited

Own Funds	**31 December 2009 (€000)**
Share Capital	257
Reserves	3.940
Income (positive) from current year (audited)	481
Intangible assets	(102)
Original Own Funds (Tier 1)	***4.576***
Deductions (for Large Exposures in the Banking Book)	(1.314)
Total Eligible Own Funds	**3.262**

Share Capital

The Company's issued share capital as at 31 December 2009 amounts to €256,500, divided into 256.500 ordinary shares of €1 each.

Reserves

The Company's reserves as at 31 December 2009 represent its retained earnings.

Deductions (for Large Exposures)

At 31 December 2009 the Company had a trading receivable from the Client of €2.174 thousand, which was settled on 9 February 2010, in addition to a receivable from the Client's subsidiary of €56 thousand. Based on CySEC guidance, balances with Group companies exceeding 20% of own funds are deducted from the calculation of own funds (for the purposes of the capital adequacy ratio).

Capital Adequacy Ratio

The Capital Adequacy Ratio of the Company at 31 December 2009 was 9,66%, based on total Eligible Own Funds of €3.262 thousand (see Section B) and total Minimum Capital Requirements of €2.701 thousand (see Section D).

C. RISK MANAGEMENT OBJECTIVES AND POLICIES

IKOS CIF seeks to organize and maintain the requisite administrative structure, personnel and technical resources in order to manage the company's affairs responsibly and effectively, with adequate risk management systems to determine, evaluate and efficiently manage risks inherent in the provision of its services.

The Company's approach to risk management is built on formal governance processes and relies on individual responsibility and collective oversight. A risk management framework has been implemented, which sets out the governance structure for risk management activities and specifies the respective reporting lines, responsibilities and control mechanisms intended to ensure that risks remain within the company's risk tolerance and applicable laws and regulations.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Directors ("BOD") of IKOS CIF has ultimate responsibility and performs the critical function of designing, developing and implementing the strategic plan and risk management framework for the organisation. At the same time, the BOD oversees how the Risk Management function, headed by the Company's Risk Manager, monitors compliance with the Company's risk management policies and procedures.

The Company's risk management processes aim to provide IKOS CIF with wide industry knowledge of risk matters, in order to assist the Company in evaluating and managing, *inter alia*, strategic, operational, credit, liquidity and market risks.

C.1. CREDIT RISK AND COUNTERPARTY CREDIT RISK

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from related parties and from bank balances.

The Company does not require collateral in respect of amounts receivable from related parties but monitors the ageing profile of its receivables on a continuous basis.

Where appropriate, IKOS CIF operates a three-bid tender process as part of its service provider selection mechanism, and performs due diligence and credit worthiness reviews on key short-listed service providers. Enactment, regular monitoring and review of contracts and agreed service level agreements are conducted with industry best practices which are ascertained from independent industry bodies and regulators.

Where applicable, as part of the provision of discretionary portfolio management services to its Client, IKOS CIF has a process for setting up trading transactions on behalf of its Client, including the assessment of creditworthiness and the setting of risk limits. Creditworthiness of the Client's trading counterparties is monitored periodically and risk limits are adjusted if required.

C.2. OPERATIONAL RISK

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external service providers or events, which can lead to financial losses and/or failure of delivery of services by third parties.

The Company analyzes operational risk into the following categories:

C.2.1. Systems, Processes and Controls

IKOS CIF carries out regular reviews to ensure that its internal systems and controls adhere to best practice and operate efficiently and effectively. Clear segregation of duties exists between investment management and other business functions and operations (with clear reporting lines and different authorisation levels). The Company seeks to ensure that material aspects of its procedures are adequately documented and ongoing training is provided to staff.

An internal audit function, via a risk-based audit plan, provides independent and objective assurance to the Board of Directors on the design and effectiveness of the internal controls relating to operational and other risks. External independent auditors also assist management and the Board of Directors by providing an assessment of the organisation's internal control environment.

C.2.2. Trading and Execution

In order to try to prevent trading and execution failures within the Client's trading process, where required as part of the portfolio management services offered to the Client, IKOS CIF has put effective trading and counterparty procedures in place for its Client. These include, amongst other things: qualified and authorised trader lists; system access controls; best execution, conflicts of interest and personal account dealing policies; and client confidentiality

C.2.3. Business Continuity

IKOS CIF recognises the importance of ensuring continuity of operations in the event of an interruption of services which may result from terrorism, natural disaster or otherwise.

As a result, IKOS CIF has adopted a Business Continuity Plan, which incorporates a Technical Disaster Recovery Plan. IKOS CIF has put in place measures designed to ensure that the provision of portfolio management services to the Client will remain possible in the event of a disaster.

C.2.4. IT Security

IT and all business functions operate in a controlled security environment. All necessary precautions are taken to protect both programmes and data from unwanted intervention. The risks of Systems & Database Unauthorized Access, Data Processing and information back-up retrieval are fully controlled and managed.

C.2.5. Legal and Regulatory Compliance

IKOS CIF continually assesses the applicable laws and regulations that both itself and, where applicable, its Client operate under, and believes that it has adequate and effective systems in place to act on this.

The IKOS CIF employment contract, employee handbook, compliance manual, in-house and external training workshops and international regulatory exams and registrations, collectively provide a professional framework for the Company's workforce, and help to maintain regulatory compliance and the highest standard of client service with integrity.

Compliance oversight and administration is performed by the Company's Compliance function, headed by the CCO and supported by IKOS CIF's in-house lawyers and external counsel.

C.3. LIQUIDITY RISK

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

C.4. MARKET RISK

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and security prices may have an effect on the Company's income or the value of its holdings in financial instruments.

Since IKOS CIF does not trade on own account, market risk and associated risks (including price risk) arising from taking market positions are not applicable.

C.4.1. Interest Rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Company's income, expenses and operating cash flows are substantially independent of changes in market interest rates as the Company has no significant interest bearing assets or liabilities. Even so, the Company's management monitors interest rate fluctuations on a regular basis, in particular with respect to any cash management activities via the use of short-term deposits.

C.4.2. Foreign Exchange risk

The Company is exposed to currency risk on purchases and borrowings that are denominated in a currency other than the Euro. As at 31 December 2009, the principal currencies giving rise to such risk were primarily the British Pound and the United States Dollar.

D. CAPITAL REQUIREMENTS

The Company follows the Standardised Approach for the calculation of the Pillar I capital requirement for credit risk and foreign exchange risk, and the Basic Indicator Approach for operational risk. The capital requirements at 31 December 2009, analyzed by risk area, are presented in the table below:

Table: Capital Requirement by risk area

31 December 2009 (€000)	
Risk Category	**Minimum Capital Requirement**
Credit Risk	410
Foreign Exchange Risk	59
Operational Risk	2.232
Total Minimum Capital Requirements	**2.701**

D.1. CAPITAL REQUIREMENT FOR CREDIT RISK

IKOS CIF has adopted Basel II as of January 2008, in accordance with the provisions of the CySEC Directive DI144-2007-05. IKOS CIF has used the Standardised Approach for calculating the level of risk-weighted exposures for credit risk. This requires the classification of exposures into predefined asset classes and the use of specific risk-weights, which vary depending on the asset class and credit rating of the exposure.

The minimum capital requirements for credit risk are calculated for all relevant asset items, using a Minimum Capital Adequacy Ratio of 8% as defined by the Capital Requirements Directive.

The credit risk exposures, Risk-Weighted Assets ("RWA") and capital requirements of IKOS CIF, broken down by asset class, are presented in the table below:

Table: Credit risk exposures, RWA and capital requirements by asset class

31 December 2009 (€000)			
Asset Class	**Total exposure value**	**RWA**	**Minimum Capital Requirements**
Institutions	4.775	955	76
Corporates	940	940	75
Other Items	3.269	3.234	259
Total	**8.984**	**5.129**	**410**

The following table shows the Company's average credit risk exposure in 2009, broken down by asset class:

Table: Average exposure by asset class

31 December 2009 (€000)	
Asset Class	**Average exposure value**
Institutions	3.577
Corporates	1.018
Other Items	3.852
Total	**8.447**

The table below provides information on the geographic distribution of the Company's credit risk exposures, analyzed by asset class:

Table: Geographic distribution of credit risk exposures

31 December 2009 (€000)				
Asset Class	**Cyprus**	**Cayman Islands**	**British Virgin Islands**	**Total exposure**
Institutions	4.775	-	-	4.775
Corporates	25	859	56	940
Other Items	3.269	-	-	3.269
Total	**8.069**	**859**	**56**	**8.984**

The following table presents the distribution of the exposures by industry, broken down by asset class:

Table: Credit risk exposures by industry

31 December 2009 (€000)			
Asset Class	**Financial**	**Non-Financial**	**Total**
Institutions	4.775	-	4.775
Corporates	940	-	940
Other Items	-	3.269	3.269
Total	**5.715**	**3.269**	**8.984**

The table below presents the residual maturity breakdown of all the exposures, broken down by exposure classes

Table: Residual maturity of credit risk exposures

31 December 2009 (€000)			
Asset Class	**Residual Maturity Less than 3 months**	**Residual Maturity More than 3 months**	**Total**
Institutions	4.775	-	4.775
Corporates	940	-	940
Other Items	440	2.829	3.269
Total	**6.155**	**2.829**	**8.984**

Credit Quality Steps

Institutions

For the credit ratings of institutions, the Company has used the Fitch rating of the Republic of Cyprus (which was AA- as at 31 December 2009), according to the provisions of the Central Government risk weight based approach required by CySEC. IKOS CIF has therefore applied a risk weight of 20% on the Institutions asset class.

Corporates

Receivables from the Client and its subsidiary are presented under this category. A risk weight of 100% has been applied on the amount of €940 thousand. The remaining balance of €1.314 thousand, which exceeds the 20% of own funds, has been excluded from the credit risk calculations, while at the same time it has been deducted from own funds in accordance with CySEC guidance (see Section B). All exposures to this asset class relate to unrated companies.

Other Items

The Other Items category includes Fixed Assets, VAT & Corporate Tax Receivables, Deferred Tax and Other Debtors. A risk weight of 100% has been applied on other assets, with the exception of cash in hand, for which a risk-weight of 0% has been applied.

D.2. CAPITAL REQUIREMENT FOR FOREIGN EXCHANGE RISK

Foreign exchange risk is the risk of losses or volatility in the value of balance sheet assets and liabilities arising from foreign exchange movements.

Based on foreign currency short positions which existed on the balance sheet at 31 December 2009, and using the standardised approach, the capital requirement for foreign exchange risk amounted to €59 thousand.

Exposures to currency risk arising from balances denominated in foreign currencies was as follows as at the end of December 2009:

Table: Capital Requirement for Market Risk

31 December 2009 (€000)	
Foreign Exchange Risk	**Minimum Capital Requirement**
Standardised Approach	59

D.3. CAPITAL REQUIREMENT FOR OPERATIONAL RISK

IKOS CIF is using the Basic Indicator Approach for calculating the amount of capital required under Pillar 1 for Operational Risk. The minimum capital requirement under this approach, which is based on the gross average income of the last three years, is shown in the table below:

Table: Capital Requirement for Operational Risk

31 December 2009 (€000)	
Operational Risk	**Minimum Capital Requirement**
Basic Indicator Approach	2.232