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**GREENWICH**VAN  
ALTERNATIVE INVESTMENTS

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Raising the Power of Hedge Funds

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# Current Market Dynamics

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- A world of Low Returns despite healthy fundamentals
  - Cash 2.5%
  - Bonds 4-5%
  - Equity 5-8%
  - VIX 12-16
  - Inflation 2-3%
  - GDP Growth: 2-4% real; 4-7% nominal
- Search for Alpha Opportunities
  - Global Portfolio Approach
  - Alternative Investments - Hedge Funds.
  - Non-conventional strategies - TAA
    - Separating Alpha & Beta
    - Leverage

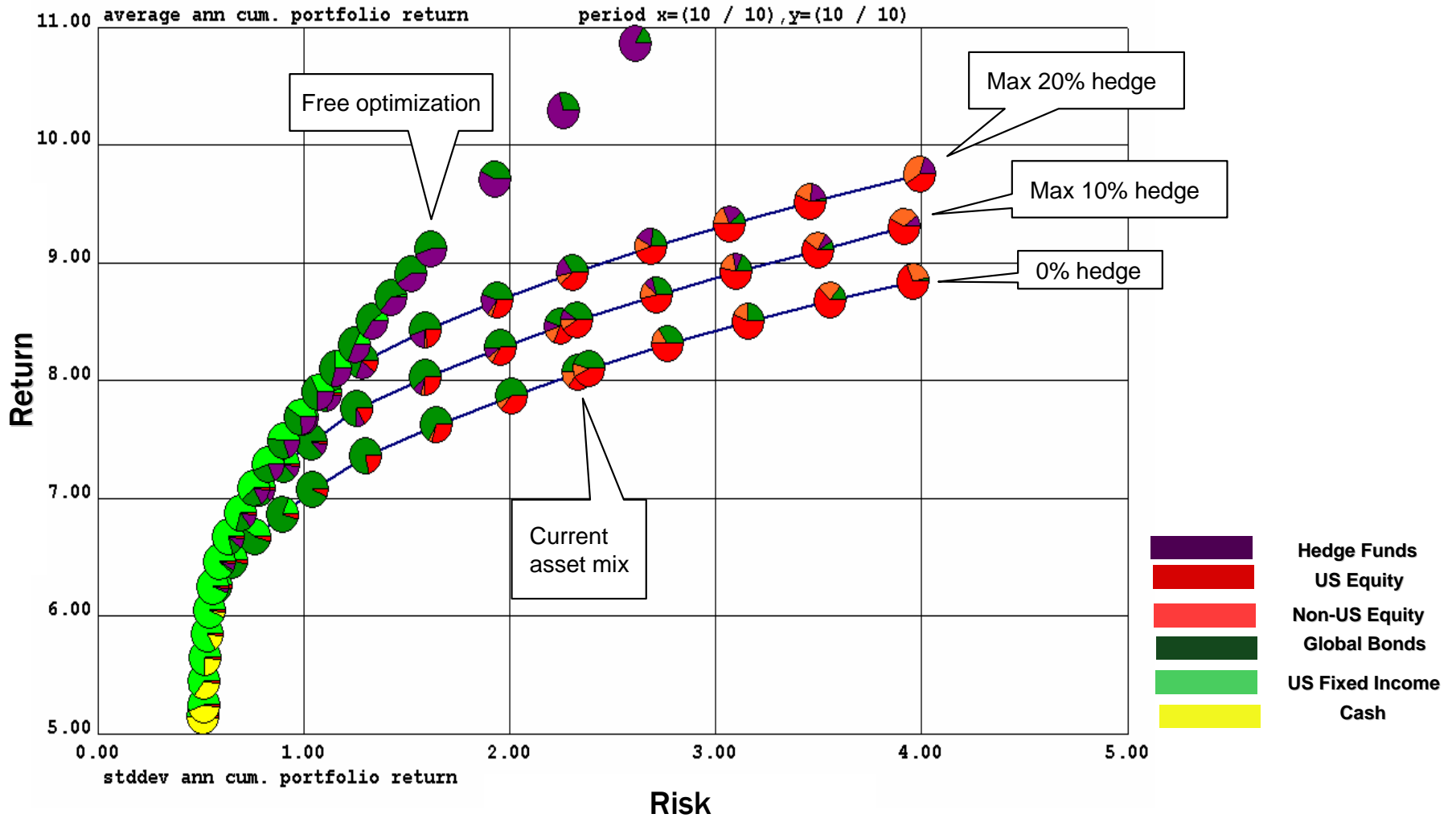
# Greenwich-Van Solutions & VI<sup>2</sup> Applications

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Greenwich-Van's goal is to provide flexible alternative asset management solutions that meet its clients' investment objectives. We are experienced in providing unique solutions that are viable & prudent alternatives to traditional investment methodologies which help meet fiduciary responsibilities of institutions and improve efficiency of individual investors' portfolios.

- Strategic Asset Allocation in Hedge Funds
  - Direct investment in Hedge Funds – Improved Efficient Frontier
  - Hedge Funds – An excellent Alternative to Bonds
  - Enhanced Indexation Strategies
- Tactical Asset Allocation with Hedge Funds
  - Portable Alpha Strategies
  - Leverage

# Efficient Frontier with Hedge Funds



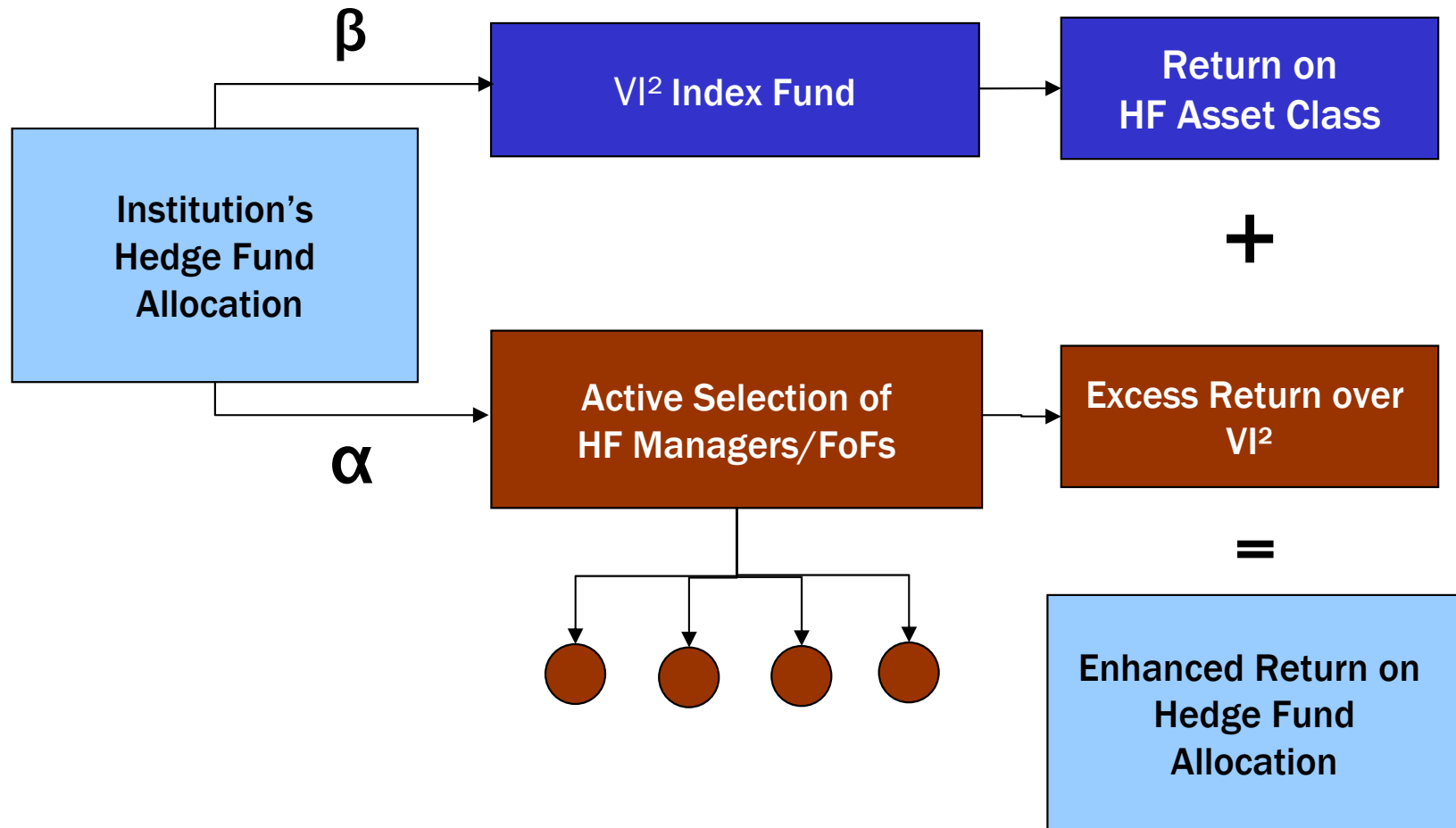
## Higher Returns and Lower Risk

# Hedge Funds - VI<sup>2</sup> - A Bond Substitute

- Low Correlation to Bonds
- Significant Outperformance
- Bond-like Volatility
- Better downside protection

	RISK-RETURN ANALYSIS						REGRESSION ANALYSIS		
Jan-03 to Mar-06	CAR	ANN. STDEV	ANN.DOWN DEVIATION	ANN. SHARPE	MAX DRAWDOWN	EXCESS OVER CASH (3MTB)	BETA To Lehman Agg	ANN. ALPHA Over Lehman Agg	CORRELATION To Lehman Agg
VI <sup>2</sup> COMP.	11.43%	4.11%	1.51%	2.17	0.00%	9.36%	-0.02	11.61%	-0.02
GVGHFI	12.48%	4.30%	1.84%	2.29	0.00%	10.40%	0.03	12.45%	0.03

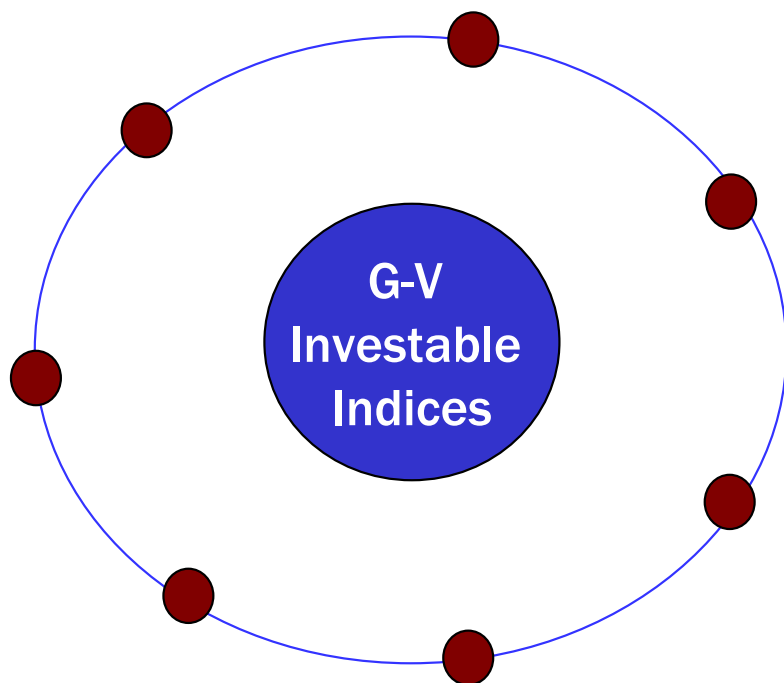
# Enhanced Indexation



Low fees, low cost, low risk and the potential for outperformance

# Core-Satellite Strategy

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## Greenwich-Van Investable Indices - The Core:

- Yields asset class returns -  $\beta$
- Lowers fees
- Broad Diversification
- Stabilizes HF Portfolio
- Risk reduction & Downside protection

## Greenwich-Van Platform Managers - The Satellites:

- Active manager selection from Van Partners Platform
- Adds alpha -  $\alpha$
- Significant Return enhancement

**Extracts the best of passive & active management styles**

# Style-Specific Investable Indices

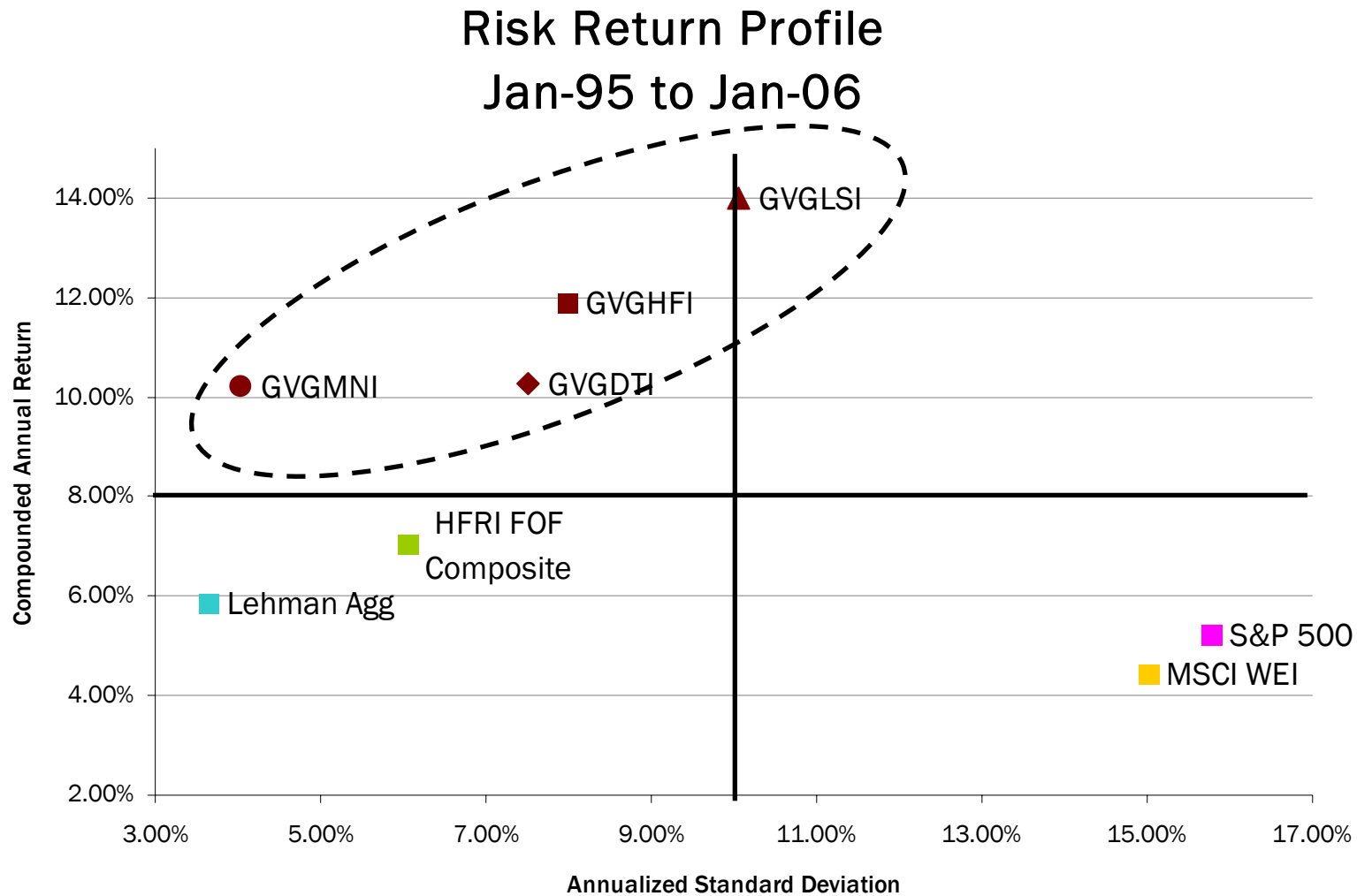
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Greenwich-Van's Style/Geography/Sector-specific Investable Indices help augment efficiency of Enhanced Indexation Strategies:

- Greenwich-Van Market Neutral Investable Index
- Greenwich-Van Long/Short Investable Index
- Greenwich-Van Directional Trading Investable Index
- Greenwich-Van Asian L/S Investable Index
- Greenwich-Van European L/S Investable Index
- Greenwich-Van Commodities Index



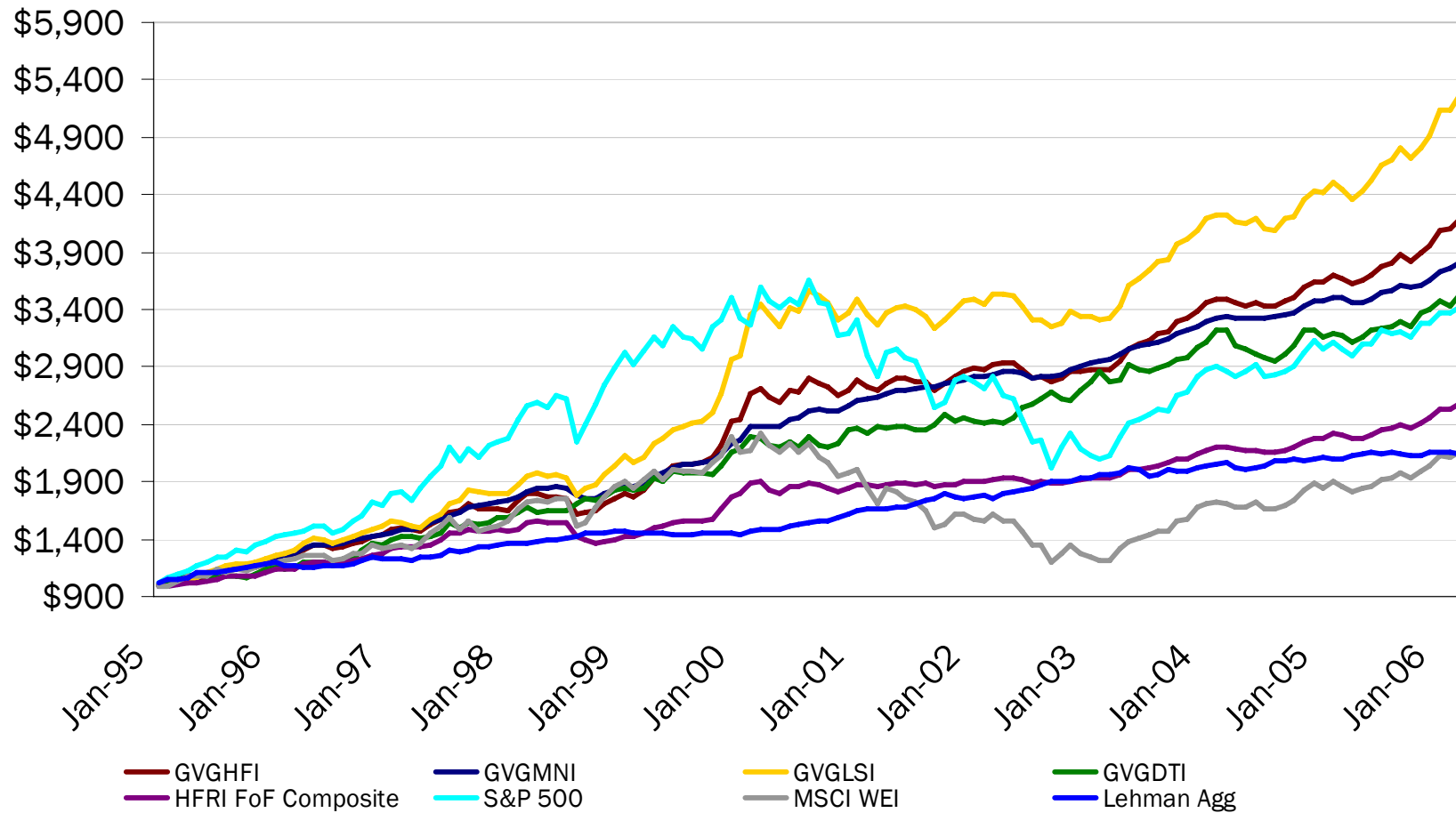
# Greenwich-Van Indices



**Top quadrant performance of Greenwich-Van Strategy-specific Indices help build efficient enhanced index portfolios.**

# Greenwich-Van Indices

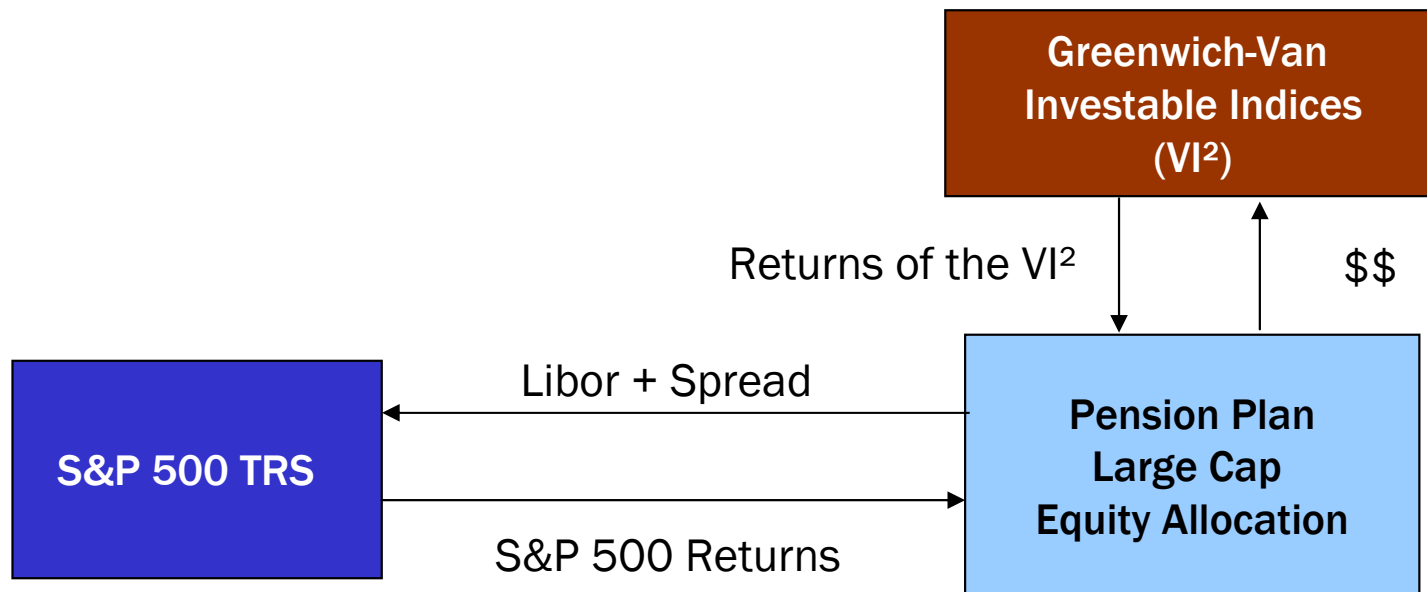
## Cumulative Returns Jan-95 to Mar-06



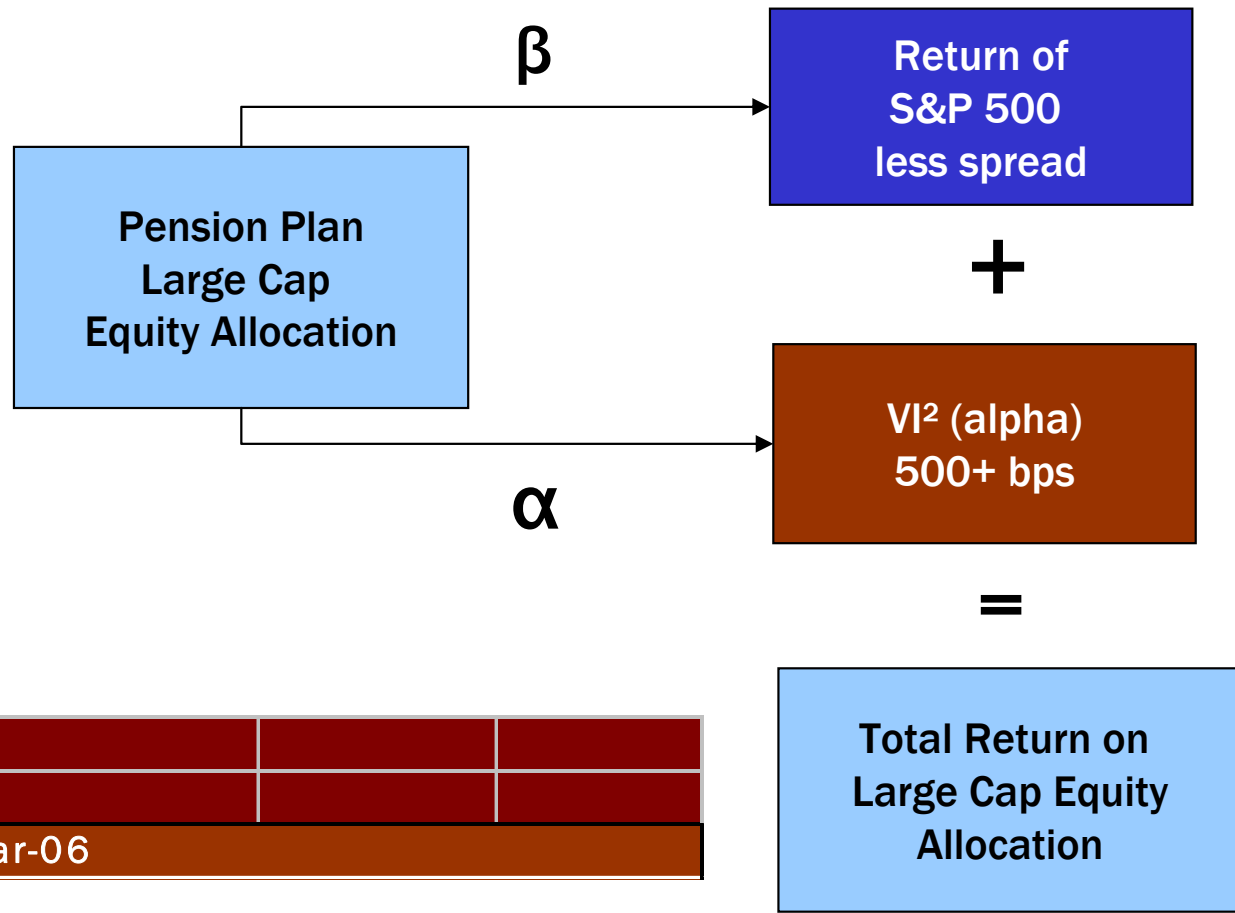
# Portable Alpha Strategy

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Portable alpha is a tool for implementing the separation of alpha and beta – allowing investors to extract and keep a particular manager’s excess returns, without keeping the associated market exposure.

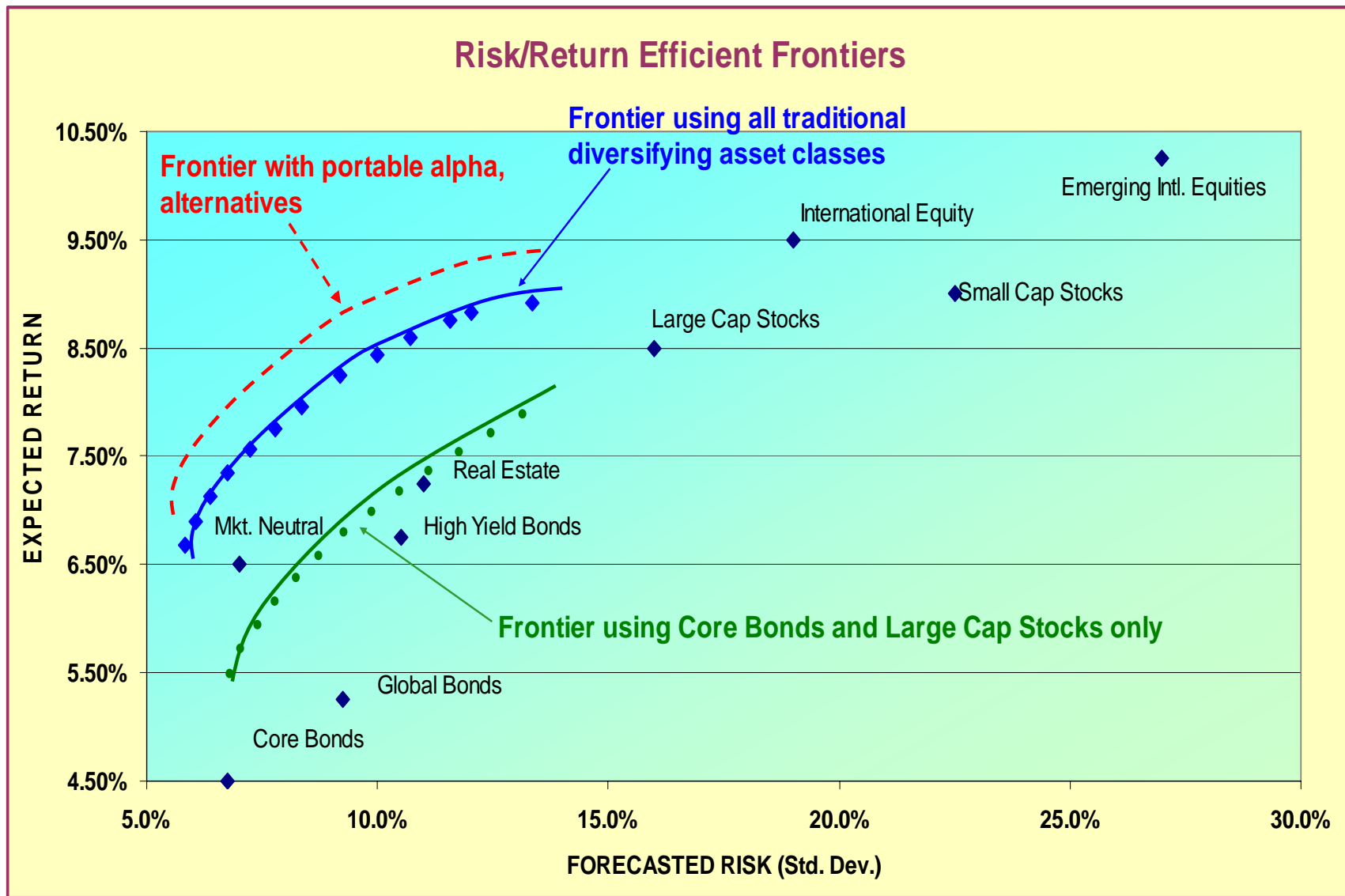


# Portable Alpha Strategy



Note: Calculations performed by Greenwich-Van Advisors.

# Hedge Funds & Portable Alpha Strategies



# Advantages

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## Enhanced Indexation:

- Enables smoother Strategic Asset Allocation (SAA) into Hedge Funds
- A Risk Reduction Strategy
- Goal – a Modest but Consistent outperformance
- Retaining low risk characteristics of the index through diversification
- Asset Class Return certainty
- VI<sup>2</sup> has the lowest tracking error in its class – Best Beta source
- Greenwich-Van Partners, our performance-driven platform – Excellent Alpha source
- Low fees

## Portable Alpha:

- Efficiently achieves Tactical Asset Allocation (TAA)
- A Return Enhancement Strategy
- Addresses Underperformance & Under-funding
- Effective allocation to Market and Active risk
- Lower Fees for Market Exposure
- Allows levered exposure
- Leverages Manager's core competencies
- Create alpha while staying within plan guidelines

# Greenwich-Van Structured Products

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# Explanatory Notes

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- Throughout this presentation, The Greenwich-Van Companies” refers to Greenwich-Van Advisors, LLC and its affiliates. The Greenwich-Van Hedge Fund Indices were released by Greenwich-Van Advisors, LLC.
- Neither statistics nor past results are indicative of future performance. Any investment involves a risk of a loss.
- All information herein is from sources believed to be reliable. Data are not audited or independently verified.
- In providing the attached information, Greenwich-Van attempts to ensure the accuracy of the information; however, Greenwich- Van cannot guarantee the complete accuracy of such information. Information on non-Greenwich-Van hedge fund indices was gathered from the Websites of the companies listed herein.
- Changes in economic conditions will affect returns of the GVGHFI, VI<sup>2</sup> and comparative indices in different ways.
- Various arithmetic and statistical calculations, such as estimating the effect of fees, may have been performed and would be based on the managers’ reported performance. The timing of the deductions of such fees and performance allocations may affect the reported performance.
- The GVGHFI results are net of underlying manager fees and expenses but are gross of any other expenses.
- The maximum compound annual return is calculated using geometrically linked monthly returns. All “maximum period” statistics are calculated based on the portfolio’s performance history since the inception date noted for the presentation.
- Some numbers in this presentation may have been adjusted due to the effects of rounding. Different statistics may be based on different numbers of funds, for technical reasons.
- Sharpe Ratio is calculated using the 3-month US Treasury Bill as proxy for the risk-free rate of return.
- All benchmarks are from sources believed to be reliable but have not been independently verified. The net results of the GVGHFI also reflect the reinvestment of all earnings.
- For additional Explanatory Notes related to the Greenwich-Van Global Hedge Fund Index, please see [www.GreenwichVan.com](http://www.GreenwichVan.com).
- For additional Explanatory Notes related to the Van Investable Index, please see [http://www.vanhedge.com/pdf/Greenwich-Van\\_Composite\\_Investable\\_Index\\_Construction\\_Methodology\\_January\\_2006\\_Revision.pdf](http://www.vanhedge.com/pdf/Greenwich-Van_Composite_Investable_Index_Construction_Methodology_January_2006_Revision.pdf). The returns of the VI<sup>2</sup> is reported net of an annual 48 bps “Index Calculation Fee”.
- This material is not intended as an offer or solicitation for the purchase or sale of any financial instrument.
- INVESTMENTS IN HEDGE FUNDS ARE SPECULATIVE AND INCLUDE A HIGH DEGREE OF RISK. INVESTORS COULD LOSE THEIR ENTIRE INVESTMENT. HEDGE FUNDS ARE SUITABLE ONLY FOR PERSONS WHO ARE ABLE TO ASSUME THE RISK OF LOSING THEIR ENTIRE INVESTMENT. HEDGE FUNDS OFTEN ENGAGE IN LEVERAGING AND OTHER SPECULATIVE INVESTMENT PRACTICES THAT MAY INCREASE THE RISK OF INVESTMENT LOSS; CAN BE HIGHLY ILLIQUID; MAY HAVE RESTRICTIONS ON TRANSFERRING INTERESTS; MAY HAVE NO SECONDARY MARKET NOR IS ONE EXPECTED TO DEVELOP; ARE NOT REQUIRED TO PROVIDE PERIODIC PRICING OR VALUATION INFORMATION TO INVESTORS; MAY INVOLVE COMPLEX TAX STRUCTURES AND DELAYS IN DISTRIBUTING INPORTANT TAX INFORMATION; ARE NOT SUBJECT TO THE SAME REGULATORY REQUIREMENTS AS MUTUAL FUNDS OR OTHER INVESTMENT VEHICLES; CAN HAVE VOLATILE PERFORMANCE; MAY HAVE HIGHER FEES THAN OTHER INVESTMENT VEHICLES, AND THESE FEES CAN OFFSET PROFITS. HEDGE FUND MANAGERS HAVE TOTAL TRADING AUTHORITY OVER THEIR FUNDS. SOME PORTION OF A HEDGE FUND’S TRADES MAY BE EXECUTED ON FOREIGN EXCHANGES. PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER THESE RISKS BEFORE INVESTING.

02/23/06



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