



**AIMA'S ILLUSTRATIVE QUESTIONNAIRE FOR DUE  
DILIGENCE OF**

**Bear Stearns High Grade Structured  
Credit Strategies Fund**

Published by  
The Alternative Investment Management Association Limited  
(AIMA)

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database.

# AIMA's Illustrative Questionnaire for Due Diligence Review of HEDGE FUND MANAGERS

This due diligence questionnaire is a tool to assist investors when considering a hedge fund manager and a hedge fund. Most hedge fund strategies are more of an investment nature than a trading activity. Each strategy has its own peculiarities. The most important aspect is to understand clearly what you plan to invest in. You will also have to:

- identify the markets covered,
- understand what takes place in the portfolio,
- understand the instruments used and how they are used,
- understand how the strategy is operated,
- identify the sources of return,
- understand how ideas are generated,
- check the risk control mechanism,
- know the people you invest with professionally and, sometimes, personally.

Not all of the following questions are applicable to all managers but we recommend that you ask as many questions as possible before making a decision.

## IMPORTANT

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## DISCLAIMER

Whilst AIMA has used all reasonable efforts to produce a questionnaire of general application in connection with a due diligence appraisal of hedge fund managers, in any particular case an investor is likely to have its own individual requirements and each hedge fund manager its own characteristics. As a result, prior to any individual investor sending out the questionnaire, it is strongly recommended that the questions are reviewed and, where necessary, amended to suit its own requirements and its state of knowledge of the hedge fund manager's operations.

In addition, responses to the questionnaire should not be relied upon without review and, where considered appropriate, further investigation and they are unlikely to have contractual force. The contractual terms of an investment in any hedge fund will normally be confined to the terms of the application or subscription documents, private placement memorandum or other offering document and the constitutional documents of the hedge fund. [Hedge funds and hedge fund managers are discouraged from providing to investors side letters or other forms of collateral agreement]. In order to obtain the best possible information on any specific hedge fund manager, additional questions should be raised to clarify any point of uncertainty, and where practicable verbal examination should be undertaken. In particular, AIMA recommends that in respect of special areas of concern, such as fund performance or risk profile, independent third party data should, if possible, be obtained in order to verify these facts. Accordingly, none of AIMA, its officers, employees or agents make any representation or warranty, express or implied, as to the adequacy, completeness or correctness of the questionnaire. No liability whatsoever is accepted by AIMA, its officers, employees or agents for any loss howsoever arising from any use of this questionnaire or its contents or otherwise arising in connection therewith.

## Other AIMA questionnaires available for selection of:

Managed Futures Managers/CTAs  
Fund of Hedge Funds Managers  
Hedge Fund Administration for Managers  
Hedge Fund Administration for Investors  
Prime Brokers

# AIMA's Illustrative Questionnaire for Due Diligence Review of HEDGE FUND MANAGERS

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NB: THE INFORMATION GIVEN HEREIN IS CORRECT AS AT TUESDAY, 08 AUGUST 2006

NAVIGATING THIS DOCUMENT	Please use tab-key or point mouse to the beginning of the input field
INPUTTING DATA	The size of the fields will automatically adjust to the length of your input
UPDATING PAGE NUMBERS	As this questionnaire is completed (thus grows), page numbers on the index page will NOT be updated automatically. To update the index page (which is a table), click to the left of the table (at any point) then press F9 on your keyboard. Select the first option: to update page numbers only

## INVESTMENT MANAGER INFORMATION

### CONTACT INFORMATION

Company name:	Bear Stearns Asset Management Inc.
Address:	383 Madison Avenue New York, NY 10179
Telephone:	1-800-436-4148
Fax:	917-849-1418
E-mail:	bsamhedgefundproductmanagement@bear.com
Name of contacts:	Heather Malloy Ken Mak
Title of contacts:	Hedge Fund Product Managers
Telephone of contacts :	(212) 272-3226 (212) 272-8375
E-mail of contacts:	hmalloy@bear.com kmak@bear.com
Internet/website:	www.bsamonline.com www.bearstearns.com

### COMPANY

Please give a brief history of the company:	In 1985, Bear Stearns Asset Management ("BSAM"), was established to centralize the Bear Stearns Companies Inc. portfolio management activities and to direct its focus towards a broader institutional client base. Today, BSAM manages approximately \$38.0 billion in assets across a wide spectrum of investment disciplines for corporations, endowments, foundations, Taft-Hartley plans, public funds, insurance companies and high-net-worth individuals. Bear Stearns is a publicly-traded global investment banking, securities trading and brokerage firm (NYSE: BSC).
Type of company/entity:	BSAM, which is the investment manager to the High Grade Structured Credit Strategies Fund, is the asset management subsidiary of The Bear Stearns Companies Inc. BSAM is a corporation.  The Bear Stearns High Grade Structured Credit Strategies Fund, L.P. is a Delaware limited partnership which commenced operations on October 1, 2003. Bear Stearns High-Grade Structured Credit Strategies (Overseas) Ltd. is a Cayman Islands exempted company, and also commenced operations on October 1st, 2003. Both the onshore and offshore funds invest through a master-feeder arrangement. The Bear Stearns High-Grade Structured Credit Strategies Master Fund Ltd. (the "Fund") is an exempted company incorporated under the laws of the Cayman Islands.
Date and place of incorporation and registered number:	BSAM was incorporated in the State of New York on March 15th, 1985. New York corporations are not assigned a registered number.
Domicile:	BSAM is domiciled in New York and has its headquarters in New York City.
Branch offices or other locations, if any:	BSAM has additional offices in San Francisco and Chicago.

What functions are performed at these branches and locations?	The majority of BSAM's business, including portfolio management, research, administration and operations, is conducted at its headquarters in New York City. BSAM also has an investment management presence in San Francisco. BSAM's marketing and client service group is also headquartered in BSAM's New York City office and represented in the branch offices in Chicago and San Francisco. All of the members of the High Grade Structured Credit Strategies ("HGSCS") team are located in the New York office.
Which regulatory authority is the company registered with? <ul style="list-style-type: none"> <li>Name(s) of regulatory bodies:</li> <li>Date of registration:</li> <li>Registration number:</li> <li>Scope of registered activities:</li> <li>List individuals also registered with the same authority in relation to the company's registration:</li> </ul>	<p>BSAM is registered with the U.S. Securities and Exchange Commission as a registered investment adviser (SEC File Number: 801-29862) as of June 18, 1987; and with the U.S. Commodity Futures Trading Commission and the National Futures Association as a commodity pool operator and commodity trading advisor (NFA # 0236656) as of February 19, 1998.</p> <p>BSAM is not a registered broker-dealer and, therefore, not registered with the New York Stock Exchange ("NYSE") or the NASD and does not carry the individual securities licenses of employees. Bear, Stearns &amp; Co. Inc. ("BSCI"), an affiliated broker-dealer, is registered with both the NYSE and the National Association of Securities Dealers Inc (the "NASD").</p>
List any affiliations, directorships and memberships of the company and/or its principals:	<p>The Bear Stearns Companies Inc., the parent company of BSAM, is also the parent company of Bear, Stearns &amp; Co. Inc. ("BSCI"), Bear Stearns Securities Corp. ("BSSC"), and Custodial Trust Company ("CTC").</p> <p>BSCI is a registered broker/dealer. Because BSAM is affiliated with BSCI, it may engage in transactions for clients which coincide with similar or opposite transactions conducted by BSCI for its own accounts or for the accounts of its customers. To ensure that no conflicts of interest occur, BSAM's portfolio managers make investment decisions independent of BSCI and an information barrier has been established between BSCI's investment banking business and BSAM. In addition, BSCI maintains a restricted list which contains the names of securities issuers to whom investment banking services have been publicly announced. Once a name has been added to the restricted list, BSAM may not purchase such security and may not sell such security beginning one day after the addition of the name to the restricted list unless permission is granted by the Compliance Department of BSCI. BSAM is responsible for the management of the investment portfolios of our clients and therefore, our affiliation with BSCI would not affect investment performance of our client's accounts.</p> <p>BSAM can execute agency transactions and can engage in principal transactions with BSCI for client accounts with the consent of the client and otherwise in accordance with applicable SEC regulations. BSAM honors all client requests to trade away from our affiliate broker/dealer.</p> <p>BSSC is a securities trading and execution services broker registered with the Securities and Exchange Commission. BSSC provides BSAM with securities execution clearing and custodial services. CTC is an FDIC-insured, commercial bank which provides custodial services to certain clients advised by BSAM.</p>
Specify nature of services provided by the company (discretionary investment management or advisory):	BSAM provides investment management services to corporations, trusts, employee benefit plans, public authorities, foundations, endowments, religious organizations, high net worth individuals, mutual funds, private investment funds, venture capital funds and issuers of collateralized bond and loan obligations and other structured securities products. BSAM offers investment expertise across a wide spectrum of investment strategies including: hedge funds; private equity; large, small and mid-cap domestic equities; corporate, government, municipal and high yield bonds; balanced portfolio management; mortgage-backed and mortgage derivative securities; systematic equity and collateralized loan accounts.
Please list the total assets under management	As of June 30, 2006, BSAM managed a total of \$38.0 billion of assets.

by the company across its different categories of client including the fund:	including \$16.4 billion in equity products, \$15.9 billion in fixed income products and \$5.7 billion in alternative investments. The alternative investments total includes the \$1.561 billion in assets managed by the HGSCS team as of that date.
<b>OWNERSHIP</b>	
Describe the company's ownership structure, name of its owners, their percentage ownership, and their role within the company:	BSAM is a wholly-owned subsidiary of Bear Stearns. Bear Stearns employees hold approximately 40% of Bear Stearns' stock with the remainder publicly-held. According to a February 2006 filing with the SEC, only one entity (other than Bear Stearns' employees as a group, Directors and Executive officers) is known to be the owner of more than 5% of Bear Stearns' outstanding common stock: Private Capital Management, L.P. owns 6.1% of the common stock. The largest shareholder within senior management is James Cayne, Chief Executive Officer of Bear Stearns, with 5.6% of the firm's stock.
<b>ORGANISATION</b>	
How many full-time employees are there?	At the end of the 2nd Quarter 2006, Bear Stearns had approximately 12,000 full-time employees. Of this number, approximately 360 worked full-time within BSAM.
Please provide a short background of principals (education, career background, etc.): <ul style="list-style-type: none"> <li>Please, attach information if necessary.</li> </ul>	Please refer to the attached document for biographies on our principals.
How many investment professionals (portfolio managers, analysts, etc) in the company?	At the end of June 2006, BSAM employed 137 investment professionals. Comprising this total were 44 portfolio managers, 59 research analysts, and 34 other investment professionals, which includes traders, hedge fund administrators, and private equity professionals.
What are the average years of professional experience in the company, both years as a professional as well as years in the company?	Our equity and fixed income portfolio managers have approximately 18 years of professional experience on average and have been with the firm for approximately 8 years.
Please enclose an organisation chart depicting the names of senior managers in charge of the following areas and headcount: <ul style="list-style-type: none"> <li>Trading:</li> <li>Reporting, performance analysis:</li> <li>Research and development:</li> <li>IT/Programming:</li> <li>Administration:</li> <li>Risk Management:</li> <li>Compliance:</li> <li>Marketing and business development:</li> <li>Others (please specify):</li> </ul>	Please refer the attached documents pertaining to BSAM's management.
What has been the turnover rate among the company's personnel?	The HGSCS Fund Team has not experienced any significant employee turnover since the Fund's Inception in October 2003.
Where do the primary trading, research, and portfolio management activities take place?	The majority of portfolio management and research activities are conducted at BSAM's headquarters in New York City, including all trading activities.
Where are the accounts maintained?	Accounts are maintained at the Bear Stearns headquarters in New York City.
Are outside representatives or consultants used for any activities? If so, give details:	Yes, we occasionally hire third party marketers to conduct additional marketing services for BSAM.
Is the firm a member of AIMA or any other relevant trade association?	Yes, the firm is a member of AIMA.
<b>MANAGER REFERENCES</b>	

Please provide at least two references for the company and for each of the principals involved in the management of the fund? <ul style="list-style-type: none"> <li>• Name:</li> <li>• Profession:</li> <li>• Company:</li> <li>• Title:</li> <li>• Telephone:</li> <li>• Fax:</li> <li>• E-mail:</li> <li>• Current and past relationship with the company or its principal:</li> </ul>	Available upon request.
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## FUND INFORMATION

### FUND DETAILS

	Heather Malloy Ken Mak 383 Madison Avenue New York, NY 10179 Tel: (212) 272-3226 (212) 272-8375 Fax: (212) 272-6429 bsamhedgefundproductmanagement@bear.com hmalloy@bear.com kmak@bear.com www.bsamonline.com www.bearsteams.com
	Bear Stearns High Grade Structured Credit Strategies Fund, L.P. is a Delaware limited partnership which commenced operations on October 1, 2003. Bear Stearns High-Grade Structured Credit Strategies (Overseas) Ltd. is a Cayman Islands exempted company, and also commenced operations on October 1st, 2003. Both feeders invest substantially all assets through the Bear Stearns High-Grade Structured Credit Strategies Master Fund Ltd., a "master-feeder" arrangement. All investment and trading decisions on behalf of the Master Fund will be made by the Investment Manager. In addition to the onshore and offshore feeders, a and levered version of the Fund will be available for investment on August 1 <sup>st</sup> , 2006.
Date of inception:	October 1, 2003.
Is the fund regulated? If so, please provide details and explain any requirements for regulation:	The Fund's investment manager is registered with the SEC.
Is the fund listed on any exchange(s)?	No, The Fund is not listed on any exchange.
<b>FEES</b>	
Management fee:	2% of the net asset value.
Administration fee:	Not Applicable.
Incentive fee:	The Fund charges a 20% incentive fee that is subject to a lifetime high water mark.
Hurdle rate/high water mark:	No performance fee is charged until all previous declines in NAV in previous periods are offset by increases in NAV in subsequent periods.
Sales fee:	There is no sales fee charged by the fund.
Redemption fee:	Withdrawals can be made with no withdrawal fee on the last Business Day of the month marking the annual anniversary of an initial contribution upon not less than 60 days' prior written notice. Withdrawals can also be made on the last Business Day of any month upon not less than 40 days prior written notice, subject to a 4% withdrawal fee.

	The Fund has a 25% gate.
Any other fees:	No other fees are charged by the Fund.
What costs, if any, are recharged to the fund?	The Fund shares its administrative costs with BSAM.
Are your fees calculated and charged in terms of equalisation structure by: <ul style="list-style-type: none"> <li>• Issuing a different series of shares every time shareholders subscribe?</li> <li>• The Equalisation Share method?</li> <li>• The Equalisation and Depreciation Deposit method?</li> <li>• The Equalisation-Adjustment method?</li> <li>• Others? (Please describe):</li> </ul>	The fees are calculated by share rollup to the initial series. The fund issues a new series of shares between rollup periods.
Do you ever share fees with a third party?	BSAM may compensate its own registered representatives, registered representatives of correspondent clearing firms or unrelated solicitors for the referral of clients. Referral fees, which are typically a percentage of the annual management fees earned by BSAM, represent no additional expense to the clients.
Have any investors been granted rebates?	No.
Disclose any soft dollar/soft commission agreement(s):	BSAM uses soft dollars for sell-side research, independent accounting reports, and research-related services. All trading which involves a soft dollar payment is done on a best execution basis and does not in any way impact the fund's performance.
Ratio of expenses (other than the company's management and incentive fee) to NAV:	Ratio of Expenses to Equity: Administrative fee to equity: Approximately 0.00006 Custodian fee to equity: Approximately 0.00004 Auditors' fee to equity: Approximately 0.008
<b>INVESTMENT/REDEMPTION AND LOCK UP TERMS</b>	
Minimum initial investment:	The minimum investment is \$1,000,000.
Minimum subsequent investment:	The Fund may accept or reject any initial and additional subscriptions and waive the minimum subscription amounts in its sole discretion.
Subscription frequency (when):	Monthly.
Redemption frequency (when):	Annually.
Redemption notice period:	60 days with no fee. 40 days with a 4% fee.
Redemption cash proceeds time period:	90% of the withdrawal proceeds will be paid within 30 days of the relevant withdrawal date. The balance (based on unaudited data), without interest, will be paid within 60 days of the withdrawal date.
Does the fund have any lock-up period or any other liquidity constraints?	1 year lock-up period. The Fund has a 25% gate.
Does the fund allow for transfer of shares or limited partnership interests between nominees?	No Limited Partner may transfer (whether by sale, assignment, gift, exchange, pledge, mortgage, or other hypothecation, or any other conveyance, disposition, or encumbrance, whether voluntary or involuntary) an Interest (or any interest therein) unless such transfer arises by operation of law or has been expressly approved by the General Partner. The General Partner may withhold such approval in its sole and absolute discretion or may grant such approval on such terms and subject to such conditions as the General Partner may determine.
<b>FUND DIRECTORS</b>	



<p>Please list the number of directors, their names, the degree of relationship with company manager and service providers and the duration of the company's professional relationship with each director:</p>	<p>Onshore funds do not have directors. Please see the attached document for biographies of the directors for the offshore fund. The biographies of the High Grade Structured Credit Strategies Funds' Management Team are listed below:</p> <p><b>Ralph Cioffi</b>  <b>Senior Managing Director</b>  <b>Senior Portfolio Manager and Risk Management</b>  Mr. Cioffi is a Senior Managing Director and has been with Bear Stearns since 1985 and is a member of Bear Stearns Asset Management's Board of Directors. From 1985 through 1991 Mr. Cioffi worked in institutional fixed income sales where he specialized in structured finance products. He served as the New York head of fixed income sales from 1989 through 1991. From 1991 through 1994, Mr. Cioffi served as global product and sales manager for high grade credit products. He was involved in the creation of the Structured Credit effort at Bear Stearns and was a principal force behind Bear's position as a leading underwriter and secondary trader of structured finance securities; specifically Collateralized Debt Obligations and Esoteric Asset Backed Securities. Mr. Cioffi has been managing the High Grade Structured Credit Strategies Fund since March of 2003. He holds a B.S. degree in Business Administration from Saint Michaels College, Vermont, and is a member of the international business management and administration honor society, Sigma Beta Delta. Mr. Cioffi is also a registered investment advisor.</p> <p><b>Ray McGarrigal</b>  <b>Senior Managing Director</b>  <b>Senior Portfolio Manager, CDO Structuring, Modeling and Surveillance</b>  Mr. McGarrigal started his Wall Street career with Bear Stearns in 1991 in the Financial Analytics and Structured Transactions (F.A.S.T.) group as an analyst. He moved to UBS in 1993-1995 to work as a CMO structurer and CMO floater trader. Following his time at UBS, Mr. McGarrigal was a member of the New York Mercantile Exchange where he traded options on energy futures as a local. He returned to Bear in 1997 and has structured a wide variety of fixed income structured products in the F.A.S.T. group. His product specialties include all types of Collateralized Debt Obligations (CDO's), Residential Mortgage Backed Securities (RMBS) and structured credit derivatives. He brings to the fund an in-depth understanding of structure, risk, the ratings process and relative value analysis across a wide range of fixed income structured credit products. Mr. McGarrigal holds an MBA in Finance New York University and a BS in Mathematics and Business Economics from the State University College at Oneonta.</p> <p><b>Matthew Tannin</b>  <b>Senior Managing Director</b>  <b>Chief Operating Officer, Deal Documentation, Structuring and Funding</b>  Mr. Tannin has been with Bear Stearns since 1994. He spent seven years on the Collateralized Debt Obligation structuring desk focusing of Emerging Markets, High Grade and Market Value transactions. From June of 2001 through February of 2003, he followed the CDO market as a Bear Stearns CDO research analyst in the asset-backed research group. Mr. Tannin has a J.D. from the University of San Francisco, was a law clerk on the California Court of Appeal and a Preston Warren scholar in philosophy at Bucknell University. He is a registered investment advisor.</p>
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	<p><b>James Crystal</b>  <b>Senior Managing Director</b>  <b>Portfolio Manager</b></p> <p>James Crystal came to BSAM in 2006, rejoining Bear Stearns from Silverback Asset Management, a multi-strategy hedge fund where he was a Managing Director in Emerging Asset Finance. He was a Senior Managing Director at Bear, Stearns in the Investment Banking Department, completing approximately 50 transactions, subsequently working in the Asset-Backed Investments Group. Mr. Crystal served in various roles in corporate finance and equity derivatives at predecessor entities to UBS Investment Bank in Tokyo, London and New York. He holds a bachelor's degree from Yale and a master's from Harvard.</p>
	<p><b>Simina Farcasiu, CFA</b>  <b>Senior Managing Director</b>  <b>Portfolio Manager</b></p> <p>Simina Farcasiu joined BSAM in 2006 with 20 years of trading and risk management experience. She was Chief Portfolio Strategist at Silverback Asset Management, a hedge fund specializing in convertible arbitrage and structured credit investments. A Senior Managing Director in Equity Capital Markets at Bear Stearns, she was head of convertible origination and a senior member of Bears' Structured Products Group, a cross-disciplinary corporate finance team marketing, originating and executing structured transactions. As a Managing Director with Merrill Lynch, she was responsible for convertible originations, structuring and pricing. Ms. Farcasiu was also an associate and subsequently a Vice President at Credit Suisse First Boston where her assignments included New Product Development, Equity Capital Markets and convertible sales and trading. Her bachelor's degree is from Princeton and her Ph.D. from the University of London.</p>
	<p><b>Felicia Grumet</b>  <b>Senior Managing Director</b>  <b>Senior Portfolio Manager</b></p> <p>Felicia Grumet, who joined BSAM in 2006, leads the development of capital models for the credit derivative product company. She was senior manager of the Financial Analytics and Structured Transactions Group where she oversaw the structuring and execution of cash flow and synthetic CDOs. Engaged with CDOs since 1996, she was responsible for structuring new issue transactions and monitoring performance in the secondary market. Her structuring and securitizations expertise encompasses a broad range of asset types including various mortgage, commercial and asset-backed products. She earned her C.P.A. while at Deloitte &amp; Touche and her bachelor's degree from Cornell.</p>
	<p><b>Please see the attached Biographies for the rest of the team.</b></p>
<p><b>FUND ADMINISTRATOR</b></p>	

	<p>PFPC Trust Company (onshore) and PFPC International (offshore).</p> <p>Onshore:  PFPC Inc.  400 Bellevue Parkway  Wilmington, Delaware 19809  Kim Van Helton  (302)791-1110  kimberly.vanhelton@pfpc.com</p> <p>Offshore:  PFPC International, Ltd.  Block C, Abbey Court  Irish Life Centre  Abbey Court  Dublin 1, Ireland  Inez O'Callaghan  353-1-790-3539  inez.o'callaghan@pfpc.ie</p>
Duration of the company's professional relationship with the Administrator?	BSAM has had a professional relationship with PFPC since the beginning of its hedge fund business in 1995.
<b>FUND PRICING</b>	
Who is responsible for obtaining valuations and how are any difficult-to-price assets or instruments priced?	We utilize 3rd party vendor pricing services where available and outside dealer marks when such pricing is not available or is unreliable. If dealer pricing is not available, a fair valuation procedure is recommended by the portfolio managers and approved by BSAM's pricing committee, whose members are independent of the portfolio managers. Substantially all of this Fund's securities are dealer marked and a handful are fair-valued. The BSAM hedge fund middle office requests dealer pricing with follow up from the portfolio managers as required. BSAM's pricing committee reviews any changes to third party dealer marks (such as removing outliers, for example). BSAM's Pricing Policy is available upon request.
<b>PRIME BROKER</b>	
Details: <ul style="list-style-type: none"> <li>Name:</li> <li>Address:</li> <li>Telephone:</li> <li>Fax:</li> <li>E-mail:</li> </ul>	Bear Stearns Securities Corporation One MetroTech Center Brooklyn, NY 11201 1-800-436-4118 Contact: Paul Fanelli
Duration of your professional relationship:	Not applicable.
Are the assets held in the name of the fund? If not, please explain:	Yes.
Are all or any of the assets segregated from the Prime Broker's assets?	The Fund's assets will be held separate and apart from the Prime Broker's own proprietary assets.
Do you use multiple Prime Brokers? If so, please give details:	No.
How is cash at the Prime Broker held?	Significant cash amounts are invested in money markets. Small amounts of cash are maintained as free credit balances. Generally, the Fund holds di minimus amounts of cash.
Does the Prime Broker have insurance? If so, please detail scope:	Yes.
Can the assets of the fund be pledged or in any other manner used to support another entity's liabilities?	In accordance with SEC rules, the BSSC will hold all fully-paid for and any excess margin securities of the Fund either physically or in a good control location. To the extent of applicable US law, such securities will be held for the exclusive benefit and subject to the exclusive instructions of the Fund's Board of Directors on behalf of the Fund, will not be used by the Prime Broker and will not be available to its creditors.

Does the company or any affiliate ever take "custody" of client assets?	Under Rule 206 (4)-2 of the advisors act, all General Partners and the Board of Directors are deemed to control the assets of any fund, and as such the de facto answer to this question is yes. However, no funds are ever controlled by the BSAM teams responsible for fund investments.
<b>CUSTODIAN</b>	
Details: <ul style="list-style-type: none"> <li>Name:</li> <li>Address:</li> <li>Telephone:</li> <li>Fax:</li> <li>E-mail:</li> </ul>	Same as Prime Broker.
Duration of the company's professional relationship with the Custodian:	Same as Prime Broker.
<b>AUDITOR</b>	
Details: <ul style="list-style-type: none"> <li>Name:</li> <li>Address:</li> <li>Telephone:</li> <li>Fax:</li> <li>E-mail:</li> </ul>	Deloitte & Touche LLP. Onshore: 1700 Market Street, 25 <sup>th</sup> Floor Philadelphia, PA 19103-3984 Attn: Tim Mundy (215) 299-4558 tmundy@deloitte.com
	Offshore: 1 Capital Place, P.O. Box 1787 GT Grand Cayman, Cayman Islands British West Indies
Duration of the company's professional relationship with the auditor:	BSAM has had a relationship with Deloitte & Touche since the beginning of its hedge fund business in 1995.
<b>LEGAL ADVISER(S)</b>	
Details: <ul style="list-style-type: none"> <li>Name:</li> <li>Address:</li> <li>Telephone:</li> <li>Fax:</li> <li>E-mail:</li> </ul>	Onshore: Sidley Austin Brown & Wood LLP 787 Seventh Avenue New York, New York 10019
	Offshore: Walkers Walker House Box 265 Georgetown, Cayman Islands
Duration of the company's professional relationship with the Legal Advisers:	Since the Fund's Inception.
<b>GENERAL</b>	
Have the Administrator, Prime Broker, Custodian or Auditors been changed within the past 3 years? If so, why?	No.
Do either the Prime Broker(s) or Administrator hold a credit rating and are they insured? Please provide details:	The Administrator is PFPC. PFPC does not hold a credit rating but, it is covered by insurance provided by its parent company, PNC Financial Services Group.
<b>FUND PROMOTERS</b>	
What external promoters, if any, have been appointed by the company for the fund?	We occasionally hire third party marketers to conduct additional marketing services for the Fund. The largest such relationship currently exists with:  Nighthawk Partners Inc. 120 Sylvan Avenue Englewood Cliffs, NJ 07632 Phone: 201-944-2211 Fax: 201-944-2255

Duration of the company's professional relationship with any promoter:	Varies on a case by case basis.
<b>DATA OVERVIEW</b>	
<b>FUND ASSETS</b>	
Please list the size of the fund's net assets:	\$1.530 billion as of May 31, 2006.
What percentage of assets is represented by the largest investor?	Currently, the largest investor represents about 2% of the Master Fund's assets.
Please list the size of assets by investment vehicle:	The Onshore Feeder currently has approximately \$430 Million. The Offshore Feeder has approximately \$1.066 Billion. There is a Yen Feeder which has approximately \$30 million.
List the total assets under management and their respective changes over the last year:	\$1.530 billion as of May 31, 2006, up from \$1.319 Billion as of May 31, 2005.
<b>CAPACITY MANAGEMENT</b>	
What is the maximum capacity of your fund?	We are always looking for opportunities and ideas and seek to raise money accordingly.
What is the projected time frame to reach capacity?	Dependant upon market opportunities and investor appetite.
Will new money be accepted after capacity is reached?	No.
How will front/back-office operations be affected in the event of significant increase in assets under management, and what measures will be taken?	BSAM has a strategic plan to manage growth and infrastructure over the next five years. As assets continue to grow we will continue adding seasoned professionals and support staff including accounting, legal & compliance, systems personnel. Internal performance, client service and operational efficiency remain the benchmarks for obtaining additional resources.
<b>WITHDRAWALS</b>	
What were the largest withdrawals in your fund since inception? <ul style="list-style-type: none"> <li>• Date:</li> <li>• % of NAV:</li> <li>• Reasons:</li> </ul>	The largest withdrawal from the fund was made in May 2005. The withdrawal occurred after the required lockup period and was for about 4.5% of NAV.
<b>MANAGEMENT TEAM'S CO-INVESTMENT</b>	
What is the total amount invested by the principals/management in the fund and other investment vehicles managed pari passu with the fund?	Each of the senior members of the fund management team has made a significant personal investment in the fund.
Has the management reduced its personal investment? <ul style="list-style-type: none"> <li>• Date:</li> <li>• Amount:</li> <li>• Reasons:</li> </ul> Disclose conditions of subscription/redemptions of team and owners' assets:	No.
<b>FUND PERFORMANCE</b>	
Historical performance since inception: <ul style="list-style-type: none"> <li>• Monthly NAV's since inception (in table format):</li> <li>• Monthly RoR since inception:</li> </ul>	Please refer to the latest marketing factsheet.
Please explain any major factors affecting	N/A

performance and drawdowns (i.e. a manager change, a change in strategy, etc):	
Is the fund performance audited?	Yes.
<b>DRAWDOWNS</b>	
List the 5 maximum drawdowns, in percent of equity for each fund, the recovery period and explain why they have happened:	The fund has not experienced any drawdowns.
Over the past 12 months, how many drawdowns greater than 5% have occurred, when did they occur and what was the length of recovery?	None.
<b>OTHER</b>	
Is the company (thus the fund's reporting) AIMR/GIPS compliant?	Yes.
Are there any side letter agreements that can negatively impact the fund? If so please give details.	No.
Are there any special terms given to certain investors in relation to fees or redemption?	No side letters that have been signed deal with issues that can affect performance of the fund. Contact us for more details.
<b>MANAGER TRACK RECORD</b>	
Number of portfolios/accounts managed by the company:	There are currently two funds which are open for investment and are managed by the High Grade Structured Credit Strategies Team: The High Grade Structured Credit Strategies Fund and the Bear Stearns Structured Risk Partners Fund, which currently has approximately \$50 Million in AUM.
Number of funds managed/advised by the company: • Names of these funds:	<p>BSAM currently manages the following Hedge Funds:</p> <p>           Bear Stearns Active County Equity – Long/Short Fund            Bear Stearns Asset Backed Securities Fund            Bear Stearns Global Alpha Fund            Bear Stearns Emerging Markets Macro Fund            Bear Stearns Funds of Hedge Funds            Bear Stearns Healthcare Value Partners            Bear Stearns Institutional Loan Fund            Bear Stearns Multi-Strategy Fund            Bear Stearns Multi-Strategy Offshore            Bear Stearns Multi-Strategy Protected            Bear Stearns Multi-Strategy Protected II            Bear Stearns Private Equity Opportunity Fund II            Bear Stearns Private Equity Opportunity Fund            Bear Stearns Private Opportunity Ventures            Bear Stearns Health Innoventures I            Bear Stearns Health Innoventures Offshore I            Bear Stearns Systematic Equity Partners            Bear Stearns Venture Partners            Constellation Venture Capital II            Constellation Venture Capital Offshore II Constellation Venture Capital            Offshore Constellation Venture Capital,            Lynx New Media            New Castle Fallen Angels (U.S.)            New Castle Market Neutral Fund (U.S.)            New Castle Market Neutral Offshore            New Castle Millennium II            New Castle Millennium,            New Castle Partners (U.S.)            New Castle Partners Offshore         </p>

Total assets managed/advised by the company:	As of May 31, 2006, BSAM managed a total of \$38.0 billion of assets
Oldest continuously active account:	BSAM's oldest continuously active product is 3-Year STAMP which began operations in 1988. The oldest continuously active hedge fund is New Castle Partners, which began operations in 1995.
Largest current account:	The High Grade Structured Credit Strategies Fund is currently BSAM's largest hedge fund by AUM.
Length of track record:	BSAM's first hedge fund began operating in October of 1995. The High Grade Structured Credit Strategies Fund began in October of 2003.
Has the track record been audited?	Yes.
What is your level of portfolio turnover?	N/A
Average annual commission costs as a percentage of total assets: <ul style="list-style-type: none"> <li>• Brokerage to equity ratio:</li> <li>• Administrator fee to equity ratio:</li> <li>• Custodian fee to equity ratio:</li> <li>• Auditors' fee to equity ratio:</li> </ul>	Ratio of Expenses to Equity: Administrative fee to equity: Approximately 0.00006 Custodian fee to equity: Approximately 0.00004 Auditors' fee to equity: Approximately 0.008

## INVESTMENT STRATEGY

Characterise your investment style in terms of: <ul style="list-style-type: none"> <li>• Strategy:</li> <li>• Hedging:</li> <li>• Market exposure:</li> <li>• Portfolio concentration in terms of amount of instruments and exposure bias (min/max/avg. number of instruments, min/max/avg. long or short bias):</li> <li>• Geographical market focus:</li> </ul>	<p>The Fund generally takes positions in the high end of the capital structure which is primarily hedged through the use of credit default swaps. These investments coupled with broad diversification across positions and sectors should mitigate a majority of credit oriented risks associated with fixed income.</p> <p>The Fund generally invests, on a leveraged basis, in investment-grade structured finance securities rated AA or higher. In addition, various derivatives, primarily credit-default swaps, but also options, swaps, swaptions, futures and forward contracts, equity securities and currencies, may be used for hedging purposes.</p>
List the instrument types you use by percentage:	<b>Credit Quality:</b> At least 90% "AAA" through "AA-" <b>Average Life:</b> 4 years or less <b>Credit Hedges:</b> 10% – 20% of notional amount of portfolio <b>Cash Position:</b> 10% – 20% of capital <b>Net Leverage:</b> Maximum leverage of 15 to 1, where leverage is defined as gross market exposure divided by Investor Capital <b>Repackaging Vehicles:</b> 30% of capital <b>Interest Rate Sensitivity:</b> Targeted interest rate duration of zero
Describe your strategy (in as much detail as possible):	The Fund's primary objective is to seek high current income and capital appreciation relative to LIBOR primarily through leveraged investments in investment-grade structured finance securities with an emphasis on triple-A and double-A rated structured finance securities. The Fund will leverage, through the use of the repo and non-recourse financing. Generally, a majority of the monthly returns will be realized gains and interest income. Furthermore, the Fund will engage in capital markets arbitrage transactions to enhance returns by unwinding, repackaging, etc. of structured financial securities when opportunities exist.
What is your investment/trading philosophy?	The Fund's assets are generally analyzed and purchased on a "hold to maturity" basis. As a result, the team should not need to nor expects to trade very actively. However, active trading occurs in the Fund's credit derivative hedges. When the team does trade a position generally it is a result of price movement such that its full value has been realized or more attractive reinvestment options exist.
Do you believe that there are persistent structural inefficiencies in the area you invest in? Please explain: <ul style="list-style-type: none"> <li>• How do you think these market inefficiencies will change over time?</li> </ul>	The managers feel that many investment grade structured finance credits, particularly collateralized debt obligations ("CDOs"), trade wide to their fundamental credit risk because structures are complex.
What makes your strategy unique?	We believe our strategy and focus make us unique in this area.

What makes your strategy different from your peers?	We believe that the depth of experience of our portfolio managers and even the number of portfolio managers we have is what sets our fund apart.
Describe your strategy for today's market:	Please see the Manager Commentary section of the most recent marketing factsheet.
What are the strengths/weaknesses of your investment strategy?	N/A
Why do you feel you will generate absolute returns?	N/A
In which markets do you believe your strategy performs best/worst? (Give examples of time periods): <ul style="list-style-type: none"> <li>Volatility:</li> <li>Trends:</li> <li>Liquidity:</li> <li>Correlation:</li> </ul>	<p>Due to the floating rate nature, high credit quality of the securities and various hedging techniques in the Fund, we believe that the Fund should perform well in most market conditions. Additionally, the Fund is significantly diversified, in terms of positions and sectors, and does not take single any company specific credit risk. In addition, the Fund invests in over 200 positions across 10 or more assets classes in the fixed income universe.</p> <p>Moreover, the Fund generally takes positions in the high end of the capital structure which is primarily hedged through the use of credit default swaps. These investments coupled with broad diversification across positions and sectors should mitigate a majority of credit oriented risks associated with fixed income. Having said that, the Fund would perform poorly during times of financial crisis or a broad deterioration of credit quality in each asset class in which the Fund invests. During these exogenous market conditions, the Fund would experience a mark to market decline but not necessarily a loss of principal or coupon. Since the Fund utilizes repo financing, the portfolio managers have further mitigated their risk by maintaining a significant portion of un-margined securities in case of "run on the bank".</p>
What is your average holding period for: <ul style="list-style-type: none"> <li>All investments?</li> <li>Profitable investments?</li> <li>Losing investments?</li> </ul>	Investments are held until the portfolio manager perceives that the investment has either achieved maximum profitability, or no longer exhibits upside potential.
Does the strategy have a long or short bias?	The fund is primarily long-biased with the intention of holding securities until maturity. However the fund maintains short CDS positions for credit hedging.
What investment criteria must new positions meet?	N/A
How do you invest new capital into the market?	By both scaling up existing positions as well as identifying new areas of opportunity.
How do you deal with redemptions?	A Shareholder may generally withdraw any or all of their Capital Balance as of the last Business Day of the month of the annual anniversary of their initial contribution upon not less than 60 days' prior written notice without being subject to a withdrawal fee. In addition, a Shareholder may make special withdrawals as of the last Business Day of any month upon not less than 40 days prior written notice, subject to a 4% withdrawal fee.
Have the strategy or trading processes changed over time due to capital flows?	The strategy/trading process has not changed over time.
Have you encountered position limit problems? If yes, please explain:	No.
What is the percentage of assets in non-exchange traded instruments? How long do you expect it would take to liquidate these assets under normal circumstances?	N/A
Describe your cash management policy:	Generally the fund intends to remain fully invested.
Do you outsource this function? If so, please give name of provider and method used.	No.



## RISK

### LEVERAGE

Discuss your leverage exposure policy and its management over different market cycles:	The Fund will operate with a Net Leverage (defined as gross exposure divided by investor capital) of no more than 15 to 1. Please see the latest Marketing Fact Sheet for the Fund's current leverage ratio.  A levered version of the Fund will be available for investment on August 1 <sup>st</sup> , 2006.
What are your portfolio financing constraints/limits?	Positions may be financed by various sources of funding, including bank lines and the repurchase markets.
Discuss sensitivity (cost) to LIBOR levels:	N/A

### HEDGING

How is the portfolio hedged?	The Partnership may use credit default swaps to hedge a portion of the credit risk in the portfolio. The credit default swaps will generally not hedge a specific Partnership position but will hedge exposure to a group of credits the managers believe to reflect the credit markets in general. It is possible these credit hedges will not be correlated with the portfolio as intended which will lead to a greater decline in the portfolio's value than that anticipated by the managers.
How do you determine size and limits for each position/basket?	N/A
How often do you re-hedge?	N/A
Are short positions profit centres?	Yes.

### LIQUIDITY

Discuss the nature of illiquid holdings in the fund:	N/A
What is the liquidity of the underlying assets and what is the appropriate time period to liquidate?	Over the past 10 years, the CDO and structured finance market has grown rapidly with total assets over a trillion dollars invested in this space. Additionally, the Fund's positions are fairly liquid due to its position in the capital structure.

### DIVERSIFICATION

Discuss the depth of diversification:	Please see a recent risk report; available upon request.
How do you calculate the correlation between each investment in the portfolio?	The correlation between securities is calculated using the PORC model.
What are the main sources of marginal risk in your strategy?	Prepayment speeds presents the main source of marginal risk.
How has performance been distributed across positions and time?	Please refer to the latest marketing factsheet.

### RISK MANAGEMENT

Discuss position and stop-loss limits and their management:	As a general practice, positions are limited to a maximum 5% exposure per name with a target of 1% per name and no more than 1/3 <sup>rd</sup> in any one asset class.  The team will exit a position if the price has risen to fully reflect the relative value of an investment, better reinvestment options and/or a perceived change to the credit worthiness of the investment. Furthermore, the Fund does not maintain a formal stop-loss rule. In effect, the stop loss is more of a re-election of stress testing and if something fundamentally changed within one of the positions such that there was risk of principal loss.
How often are these limits applied? When were their peaks observed?	N/A
How do you adjust your risk capital allocation	N/A

when there is a significant increase in equity due to trading profits?	
Do you use an external risk monitor? If so, who and why that particular one?	We also maintain a separate risk management group which operates independent of the portfolio management function and separate from general compliance activities. The group is managed by Mr. Frank Galdi.
Please describe the operational risk management policy:	<p>The team monitors their positions through two main analytical systems: BondStudio (Bear Stearns's trading and risk management system) and Intex, an outside vendor's system. These systems allow the team to monitor each deal, run stress tests, monitor monthly trustee reports on each deal and use technology to effectively monitor each position.</p> <p>In addition to the portfolio management team, Bear Stearns and BSAM both have independent risk management departments that monitor the Fund's positions, keeping an eye on minimum rating requirements, overall and net leverage figures, and portfolio concentrations. On a monthly basis, the portfolio managers meet with BSAM's CIO and hedge fund risk management team to discuss the portfolio and its performance. The team also meets with Bear Stearns' global credit department to discuss their positions, risk management and hedging techniques. As part of managing the Fund's risk, the team actively engages in various hedging techniques in the credit derivatives market, monitor and maintain adequate liquidity and look to minimize leverage while attempting to achieve the Fund's cash on cash targets.</p>
How do you measure minimum liquidity of positions?	N/A
What risk system/software is used in your middle office?	Bear Measurisk.
<b>EXTERNAL CONTROLS</b>	
Are any third parties involved in verifying adherence to risk limits, e.g. the fund's administrator?	No.

## INVESTMENT RESEARCH

What outside sources are used?	No outside sources are used.
What proportion of research is generated internally?	100% of the research is generated internally.
Describe the typical flow of an investment idea from inception to a trading position:	Please refer to the latest marketing factsheet.
Describe your back testing of investment ideas:	N/A
Have you published or commissioned any research/academic papers?	No.

## INVESTOR SERVICE / REPORTING

Can the prospectus/offering memorandum be transmitted to us electronically?	Yes.
Who calculates the NAV?	The Fund's external administrator is PFPC Inc., a division of PNC Bank.
What is the frequency of calculation?	PFPC is responsible for calculating the monthly NAV.
Do you make any adjustments to the NAV valuation received from your source? If yes, please explain what kind in terms of: <ul style="list-style-type: none"> <li>• Liquidity:</li> <li>• Time zone:</li> <li>• Size:</li> <li>• Holding period:</li> <li>• Other:</li> <li>• Percentage of adjustments to total NAV:</li> <li>• What instruments are subject to adjustments:</li> </ul>	No.
Can fund performance (NAV, RoR) be transmitted to us electronically on a regular basis, and at what periodicity?	Yes, monthly. Weekly estimates will soon be available.
List all reports and correspondence usually sent to clients, and please explain the frequency and the detail the manager reports performance to investors.	We will provide investors with a monthly update of the fund and the drivers of performance in the fund. Limited Partners will receive monthly account statements, audited annual financial statements, and necessary federal tax information.
Can you provide copies of historical reports? <ul style="list-style-type: none"> <li>• Please provide examples.</li> </ul>	Yes, we can provide investors with historical reports. Please refer to the latest marketing factsheet.
Are investors informed when minor/major changes are made to the trading, money management, or risk control methods?	Yes.
What databases, publications or other available sources does the manager regularly report performance figures to? If none, explain why?	We subscribe to numerous hedge fund databases. We report monthly assets, performance, and NAV. In addition we provide general fund details, such as philosophy, strategy and fees.
What portfolio data can you provide (electronically) in terms of: <ul style="list-style-type: none"> <li>• Position?</li> <li>• Concentration?</li> <li>• Exposure?</li> <li>• Performance attributes?</li> <li>• Hedge?</li> </ul>	Risk reports are available upon request.
Can all trades be reported on a daily basis to the client?	No.

## EXECUTION & TRADING

Describe members of the trade execution group, their functions and experience:	The fund management team is responsible for trade execution.
Who is authorised to place orders on behalf of the fund?	The fund management team.
Is there clear separation of functions between front and back office?	Yes, BSAM maintains a dedicated operations/back office at our headquarters in New York City. We do not outsource any operations. Operations professionals include portfolio accounting, trade support, systems, new account opening and portfolio administration. Rigorous procedures and policies are in place to maintain a controlled environment.
How are executed trades allocated to accounts? Please explain in detail, particularly with respect to split fills:	BSAM has allocation procedures. Please see our attached Form ADV Part II.
Are any positions allocated as of the end of the trading day or immediately after execution, rather than prior to or at the time of order entry?	BSAM has allocation procedures. Please see our attached Form ADV Part II.
What is the company's policy with respect to trading and system errors? Please explain in detail:	BSAM follows its Error Policies and Procedures, the main tenet of which is that client accounts will, to the extent possible, be returned to the position they would have been in had the violation not occurred; however, in no event will a BSAM client suffer a loss as a result of an error for which BSAM is responsible.
Have there been any major "trade breaks"? If so, please describe.	N/A
Are trades reconciled to broker confirmations? How often?	Yes, trades are reconciled to broker confirmations same day.
Are cash positions reconciled? How often?	Yes, daily.

<p>What is the company's policy with respect to personal account dealing by:</p> <ul style="list-style-type: none"> <li>• Staff?</li> <li>• Principals?</li> <li>• The company itself?</li> </ul>	<p>BSAM has adopted rules designed to insure that no officer or director of BSAM, or employee who, in the ordinary course of his or her activities, participates in or obtains information regarding the purchase or sale of securities for accounts managed by BSAM ("access persons") takes any action which is adverse or appears to be adverse to the interests of BSAM or any of its clients. To this end, BSAM's Code of Ethics includes such provisions as:</p> <ul style="list-style-type: none"> <li>• A requirement that access persons "preclear" with Compliance personnel covered securities transactions for their own accounts and other accounts in which they have a personal interest to ensure that no conflict of interest exists.</li> <li>• Periodic reporting of all activity in personal securities accounts of access persons.</li> <li>• Minimum holding period requirements for securities purchased by access persons.</li> <li>• Blackout periods during which certain persons may not transact in securities for which BSAM has (or subsequently will) transact for its clients.</li> <li>• Restrictions upon the use of material non-public information.</li> <li>• Annual certifications of compliance.</li> </ul> <p>Because BSAM is affiliated with BSCI, it may engage in transactions for clients which coincide with similar or opposite transactions conducted by BSCI for its own accounts or for the accounts of its customers. To ensure that no conflicts of interest occur, BSAM's portfolio managers make investment decisions independent of BSCI and a Chinese wall has been established between BSCI's investment banking business and BSAM. In addition, BSCI maintains a restricted list which contains the names of securities issuers to whom investment banking services have been publicly announced. Once a name has been added to the restricted list, BSAM may not purchase such security and may not sell such security beginning one day after the addition of the name to the restricted list unless permission is granted by the Compliance Department of BSCI. The BSCI Compliance Department may, however, grant permission for: 1) sales in situations where the portfolio management team has determined to liquidate the security in question for all similarly managed accounts and 2) purchases for newly-opened accounts which are being conformed to other accounts being managed in the same style, in each case where the portfolio managers making the investment decision have confirmed in writing that they do not possess any material non-public information about the issuer of the security in question.</p>
<p>Does the company make use of "soft dollars"?</p>	<p>Yes.</p>
<p>Does the company or advisor have any relationship which may affect its trading flexibility, e.g. associated broker/dealer?</p>	<p>We are an affiliate of a broker/dealer, but it does not affect our trading flexibility. The fund adheres to a best execution policy for all trading activities. Under no circumstances may any BSAM employee, directly or indirectly, enter into a reciprocal arrangement with any broker-dealer, investment adviser, hedge fund or financial institution that may, directly or indirectly, result in BSAM directing brokerage commissions in exchange for either the sale of BSAM products or the investing of assets with BSAM. This prohibition applies to indirectly compensating such financial institution by participating in a "step out" or similar arrangement. BSAM has empowered its Best Execution Committee with the responsibility of approving and monitoring best execution practices with brokers.</p>
<p><b>COMPLIANCE</b></p>	
<p>Who is responsible for compliance in the company?</p>	<p>BSAM's Legal and Compliance Department is responsible for developing policies and procedures to ensure firm compliance with applicable state and federal laws. The Legal and Compliance Department is comprised of three full-time attorneys, including the Compliance Director, and three Compliance Officers. The Department is responsible for all the legal and</p>

	compliance affairs of BSAM. Various systems, policies and procedures are in place to maintain a controlled environment for investment advisory activities. These include trade allocation, best execution, soft dollar, trade error, portfolio valuation and other procedures.
Does the company maintain a written Compliance Manual? If yes, please provide details:	BSAM has standalone procedures that all employees are expected to understand and abide by. Descriptions and details of BSAM's policies and procedures are available upon request.
Please describe any current or potential conflict of interest or any relationships which may affect its trading, trading flexibility, e.g. associated broker/dealer.	BSAM is an affiliate of Bear Stearns. Bear Stearns is engaged in a broad spectrum of activities, including financial advisory activities, and has extensive investment activities that are independent from and may from time to time conflict with those of the Funds. Bear Stearns is a major participant in the global currency, equity, commodity and fixed income markets. As such, Bear Stearns is actively engaged in transactions in the same securities, currencies and instruments in which the assets of the underlying hedge funds may be invested. Subject to applicable law, Bear Stearns may purchase or sell the securities of, or otherwise invest in, finance or advise, issuers in which the underlying funds have an interest. Bear Stearns also has proprietary interests in, and may manage, advise, sponsor or invest in other investment vehicles, accounts or investment funds that have investment objectives similar or dissimilar to those of the Funds or their underlying funds and which engage in transactions in the same types of securities, currencies and instruments as the underlying funds. Bear Stearns is not under any obligation to share any investment opportunity, idea or strategy with the Funds or an underlying manager. As a result, Bear Stearns may compete with the Funds or an underlying fund for appropriate investment opportunities. If both the Funds and other accounts or funds managed by Bear Stearns invest in the same underlying managers, the allocation among such investors of investment opportunities presents certain conflicts.
What are the company's employees' own account dealing procedures?	BSAM has adopted rules designed to insure that no officer or director of BSAM, or employee who, in the ordinary course of his or her activities, participates in or obtains information regarding the purchase or sale of securities for accounts managed by BSAM ("access persons") takes any action which is adverse or appears to be adverse to the interests of BSAM or any of its clients. Please see "EXECUTION & TRADING " above, for further details.
Does the company have regular compliance monitoring programs? If so, please give brief details:	Yes. BSAM has policies and procedures in place to monitor and review client accounts, trade executions, aggregation and allocation of portfolio trades, allocation of commissions, brokerage allocation, conflicts of interest and employee trading.
Has the company or its principals ever been the subject of any action or warnings from a regulatory body?	No.
Has any application to a regulatory body on behalf of the company ever been withdrawn? If so, please give details:	No.
Do any of the company's principals have other business involvement? If yes, describe and quantify how much of their professional time is dedicated to each:	100% of the principals' professional activity is devoted to the business activity of the firm. Outside business activities are limited under applicable Bear Stearns policies.
Has an employee of the company ever been refused authorisation or had it withdrawn? If so, please provide details:	No.

## LEGAL

Are there or have there ever been any criminal, civil, regulatory or administrative proceedings against the company or any of its principals, or any similar such matters including reparations, arbitrations and negotiated settlements?

BSAM and its current employees have not been involved in any litigation or legal proceedings related to our investment activities in the last three years that could have a material adverse effect on the financial condition of BSAM and/or its parent/affiliates nor could impair the ability of BSAM to carry out its duties as an investment advisor. All material matters pertaining to the Bear Stearns Companies Inc. and its subsidiaries are required to be disclosed in the firm's Form 10K.

## ANTI-MONEY LAUNDERING POLICY

Confirm that the company has established Anti-money Laundering (AML) procedures:

Bear Stearns has adopted a Customer Identification Program ("CIP") that is designed to comply in all material respects with relevant provisions of the Bank Secrecy Act, as amended by the PATRIOT Act.

Please advise which jurisdiction's regulations you comply with:

BSAM's AML activities and monitoring are in compliance with all applicable U.S. federal policies.

Please advise who your MLRO (Money Laundering Reporting Officer) is:

Ms. Arlene Semaya, Bear Stearns Legal Department, AML Group.

Elaborate on the procedure to ensure compliance with AML policies:

All BSAM employees with securities licenses are required, as a condition of employment, to participating in AML training to become familiar with AML policies and procedures. These policies and procedures include specific action steps and oversight at both corporate and branch locations. As an example, in certain instances, the CIP requires the approval of the AML Group before an account may be opened (e.g., non-U.S. individual accounts).

## INSURANCE

Do you currently hold insurance for the following:

- Director & Officers Liability?
- Professional Indemnity?
- Crime (Employee fidelity/third party fraud)?
- Key Person Insurance?
- Other?

N.B.: if you are not restricted from disclosing such information under your policy(ies)

Bear Stearns Asset Management maintains a \$10 million errors and omissions insurance policy with Indian Harbor Insurance Company. We also maintain a \$310 million Fidelity Bond with National Union Fire Insurance Company and Excess SIPC insurance from Travelers Casualty & Surety Company.

## BUSINESS CONTINUITY


<p>Does the company have a formal disaster recovery plan? Please describe the basic provisions:</p>	<p>Bear Stearns Asset Management has a complete Disaster Recovery Plan for its employees in case an emergency occurs and we are unable to enter our offices at 383 Madison Avenue in New York. The objective and scope of the Disaster Recovery Plan is "to manage and protect BSAM's assets over a 24 hour period".</p> <p>The Bear Stearns Companies Inc. ("Bear Stearns"), the parent company of BSAM, has five primary processing and backup sites that collectively give us the redundancy required to protect our books and records, protect our balance sheet, defend capital and provide a degree of business continuity and client protection. BSAM maintains a remote facility that is home to a disaster recovery trading floor ("hot" site) that functions solely in case of emergency. It is fully operational with desks, PC's, appropriate software and market data feeds, telephones, faxes and additional requirements for business units as needed.</p> <p>All data in our internal systems are backed up daily. RAID (Redundant Array of Inexpensive Disks) storage devices are utilized to prevent loss in case of systems failure. Mission critical applications are also available to expedite recovery in case of CPU (Central Processing Unit) failure. Twenty-one days of back-up tapes are kept on site in the silo (the robotic device that does the actual backups) and end of the month tapes are stored off site and retained for three years. Times are set aside during the year for Bear Stearns to test its recovery plan. Six regularly scheduled disaster recovery tests are conducted on our mainframe environment each year. We also regularly test the fail over and backup capabilities of redundant AS/400 platforms, recovery of our email servers and individual tests of our other distributed computing platforms.</p> <p>Additionally, in order for BSAM to manage a disaster, the following steps have also been taken:</p> <ul style="list-style-type: none"> <li>• An Emergency Control Team has been formed into four areas; Portfolio Management, Marketing, Finance/Operations and Legal/Administration/Technology, with separate Business Leaders.</li> <li>• In the event of a disaster, our Emergency Control Team Director would be responsible for making sure each Business Leader is notified.</li> <li>• Each Business Leader is responsible for contacting division team members for instructions on where to go in the event of a disaster.</li> <li>• Each Area includes a home team (individuals working on personal computers in their homes) and a team in Whippany.</li> </ul>
<p>What contingency plans do you have in terms of:</p> <ul style="list-style-type: none"> <li>• Computer system fault?</li> <li>• Incapacitated investment decision makers?</li> <li>• Technical failure at Prime Broker's location?</li> <li>• Presence of in-house computer technician?</li> <li>• Back-up systems?</li> </ul>	<p>Please refer to the answer above.</p>

Please attach the most recent disclosure document, information memorandum, and marketing literature.

In the event of amendments to the aforementioned documents, notably the memorandum, please ensure that we will receive those directly from you within reasonable time, as well as copies of proxy's and notification of the Annual General Meeting (the latter only for information purposes).



Please state the name and title of the officer at your company who has prepared and reviewed this questionnaire.

Signature:	
Name:	Heather Malloy
Position:	Hedge Fund Product Manager
Date:	May 31, 2006