



HOULIHAN SMITH
& COMPANY INC.®

Member FINRA / SIPC

SPECIALIZED INVESTMENT BANKING

Investment Banking Services for Asset Managers

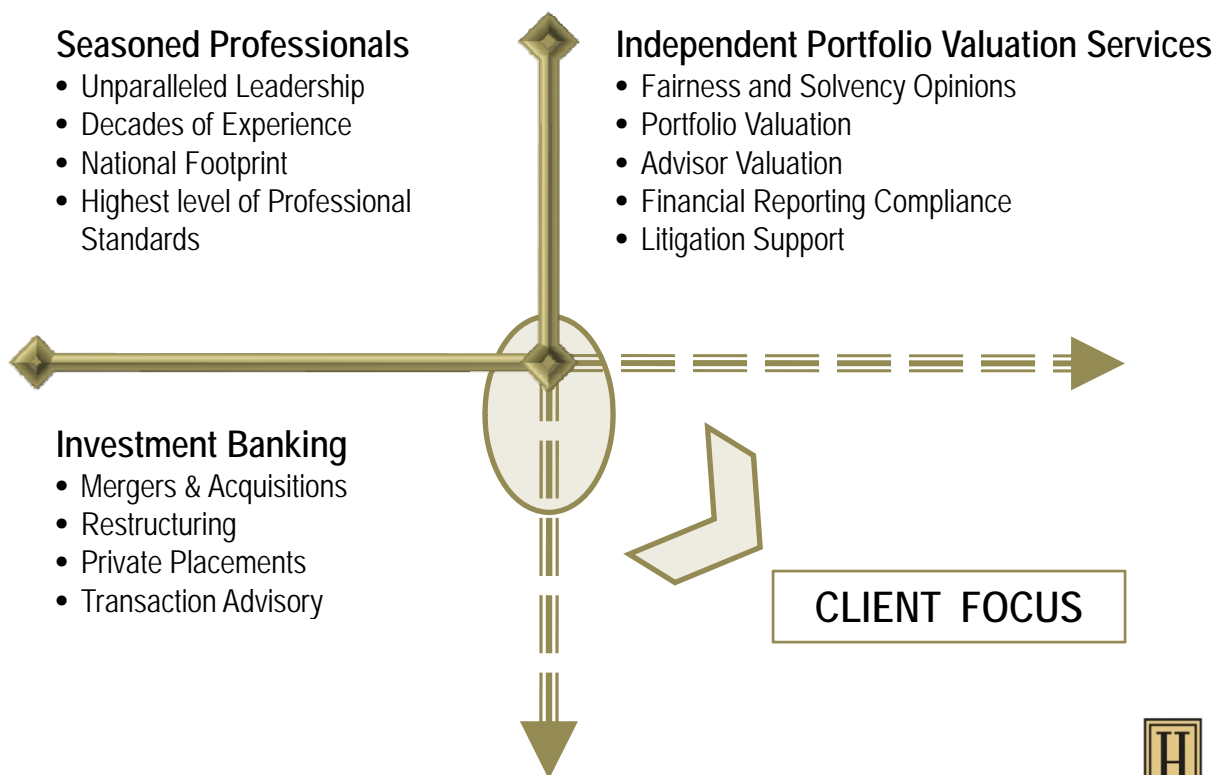


HOULIHAN SMITH FIRM OVERVIEW

HOULIHAN SMITH & COMPANY, INC. ("HOULIHAN") is a nationally recognized valuation and investment banking firm (Member FINRA, SIPC) with offices in Chicago, London, Los Angeles, New York and Toronto. Houlihan provides comprehensive services to several of the largest asset managers around the world. Backed by years of experience, Houlihan is frequently called upon to provide valuation and advisory services to hedge fund advisors, traditional fund managers, family offices, fund administrators, pension funds, endowments and other financial institutions.

Houlihan works with 20 of Alpha Magazine's Top 100 Hedge Funds. The firm's tailored services to asset managers include Portfolio Valuation (FAS 157); Restructuring, M&A and Transaction Advisory. We are highly experienced with dealing with complicated transactions and complex asset classes that challenge the most sophisticated client. Houlihan covers all investment strategies, including those that are illiquid and underperforming.

Houlihan has a focused group of professionals dedicated to serving our Investment Management clients. Below are some of our core competencies:



INVESTMENT BANKING SERVICES FOR ASSET MANAGERS

<p style="text-align: center;"><u>M&A Advisory</u></p> <ul style="list-style-type: none">• Sales and Divestitures• Acquisitions of Targets• Mergers and Strategic Ventures• Transactional Support/Due Diligence	<p style="text-align: center;"><u>Portfolio Valuation</u></p> <ul style="list-style-type: none">• Monthly, Quarterly and Annual Portfolio Valuations• Financial Reporting Compliance• Side Pocket Transactions• Specific Investment Valuation(s)
<p style="text-align: center;"><u>Restructuring</u></p> <ul style="list-style-type: none">• Asset Level• Portfolio Level• Advisor Level	<p style="text-align: center;"><u>Transaction Advisory</u></p> <ul style="list-style-type: none">• Secondary Market Transactions• Financial Opinions• Advisor Valuation

Our reputation is built upon years of unmatched quality and service. We consistently deliver high-end performance which is evidenced by the caliber of our client base. The Houlihan Firm is built on serving our clients and creating a plan that is focused on executing in a highly sophisticated and responsive manner. Our motto is "Best Execution. Best Practices."

Investment Bank with Deep Industry Knowledge

Houlihan Smith is a full-service investment bank with the capabilities to meet the evolving needs of asset managers. Dedicated teams of specialists with expertise in the Asset Management industry are represented in each service offering, ensuring the necessary industry experience to thoroughly execute assignments.

Independent

We understand the need for independence in these times of heightened scrutiny. Our practice is built on strong risk-managed principles where we seek to reduce conflicts of interest and ensure our analyses are objective and unbiased.

Depth of Experience

Houlihan boasts a deep understanding of the challenges that asset managers, both traditional and alternative, are facing in today's market. We have successfully transacted numerous acquisitions and dispositions of asset managers, advocating cultural fit, strategic optimization and mutually advantageous deal structures.

Senior Level Attention

Our key principals are involved at every juncture of the transaction process, lending years of experience and expertise to every assignment.

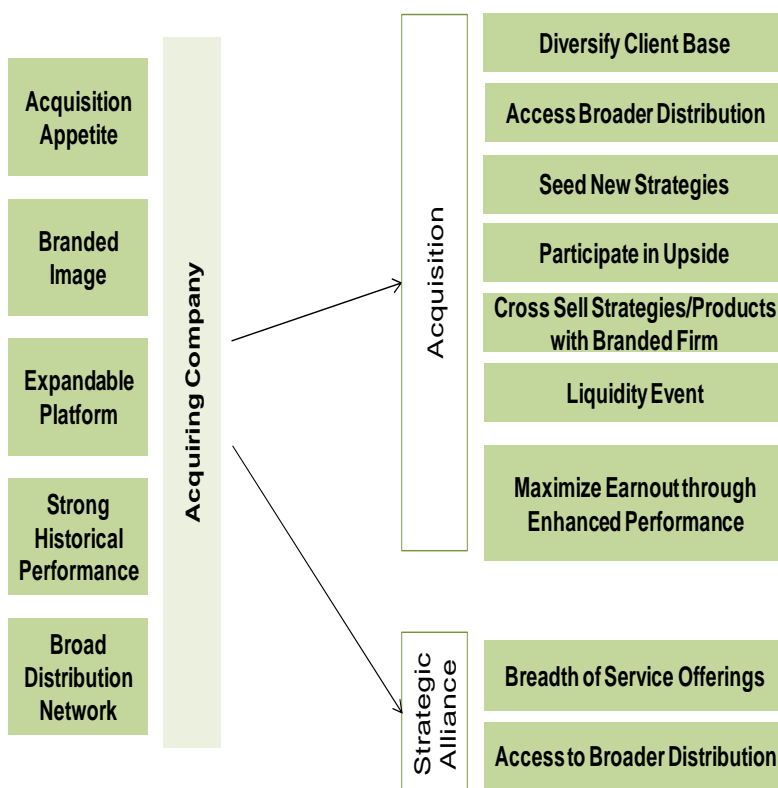


M&A ADVISORY

As a result of the consolidation occurring in the financial services industry, the need for an investment bank that understands the nuances of asset management operations has never been greater. Further, current market conditions have hindered smaller RIA's ability to raise additional capital, making mergers and strategic alliances even more attractive strategic alternatives.

Houlihan provides both buy-side and sell-side advisory to asset management clients, traditional and alternative. There are several considerations that must be made in every transaction. Houlihan understands the importance of a cultural fit for its clients. Matching leadership styles and strategies are necessary components to a successful combination.

Each transaction requires a complex valuation with unique circumstances factored into the valuation model. We analyze the value of an advisor from multiple perspectives, incorporating a wide array of valuation metrics (*See Transaction Advisory – Advisor Valuation*). Our seasoned investment bankers negotiate and structure deals to maximize our clients' short and long-term objectives regarding management earnouts and other forward looking compensation triggers, such as cash versus stock consideration, and mechanisms to allow our client to participate in the future growth of the firm. In addition, our experience enables us to provide strategic tax advisory pertaining to the allocation of a transaction's proceeds in order to minimize the associated tax liabilities.



Furthermore, Houlihan's extensive network provides us with comprehensive understanding of the investment advisor universe. We represent dozens of clients on both the buy-side, firms typically with greater than \$5.0 billion AUM, as well as on the sell-side, firms typically with less than \$1.0 billion AUM. Additionally, that network allows us to introduce parties interested in forming strategic alliances and partnerships to cross-sell niche products across multiple distribution networks.

PORTFOLIO VALUATION

The current market conditions dictate the need for independent and supportable pricing, given the material impact that certain investments can have on the Net Asset Value, on a mark-to-market basis. The introduction of FAS 157 has made independent valuation a necessity for any entity with financial reporting requirements. Investment management firms are heavily dependent on the validity and integrity of security pricing and portfolio valuation. Houlihan has decades of valuation experience providing companies with objective, independent and defensible opinions of value that meet accounting and regulatory requirements. We combine technical expertise with best practice modeling techniques to perform complex financial instrument and portfolio valuation.

We employ sophisticated methodology when it comes to pricing and use the most current mark-to-market pricing technology available. Our experiences from both the audit and financial valuation world have established us as a service provider renowned for dealing with the most complex and hard-to-value securities.

Houlihan's senior leadership team has a clear understanding of the level of independent evidence that is required for auditors to support their opinion, which overall leads to an efficient and more cost effective year-end process.

- **Monthly, Quarterly and Annual Portfolio Valuations**
- **Financial Reporting Compliance**
- **Side Pocket Transactions**
- **Specific Investment Valuation including:**

- Mortgage-Backed Securities
- Asset-Backed Securities
- Pass-Throughs
- Mezzanine Debt Securities
- Convertibles
- Distressed Securities
- Auction Rate Securities
- Credit Linked Notes
- Structured Investment Vehicles

- Cash & Synthetic CDO & CDO² Tranches
- Exotic OTC Options
- Complex Derivatives
- Private Equity Placements
- Other Illiquid and Hard-to-Value Securities (Level III)
- Fund of Funds and Other LP Interests



RESTRUCTURING

Houlihan provides a comprehensive suite of restructuring services for alternative investment firms seeking to restructure in the midst of the current unprecedented market conditions. Alternative Investment Managers will face continuing pressure in the coming months as the industry's assets under management are expected to drop significantly due to investor redemptions and declines in asset values. Some industry forecasts are predicting declines in AUM of 30% or more across the industry. Continued consolidation within the alternative investment industry will require a unique set of services and skill sets to serve the critical needs of funds looking to provide investors with a broad array of options.

Our experience in advising alternative investment managers looking to provide investors with choices, whether it be the lock-up of money up, having funds placed in a liquidating trust where investments will be sold and the cash paid out over time, or splitting a fund into a liquid and illiquid master fund represented by different share classes is unparalleled. We have acted as an advisor on a number of fund restructuring engagements as we have an extensive network of alternative investment managers making markets across a wide variety of asset classes. The restructuring is designed to meet clients' objectives to retain assets under management, while also creating synergies among the trading platforms.

Restructuring Service Levels

Asset Level

- Structuring and Arranging the Sale of Securities
- Maximizing the Value of Assets

Portfolio Level

- Side Pocket Structuring and Valuation
- Advising and Valuation of Dissolutions
- Wind Downs for Both Onshore and Offshore Complex Hedge Funds
- Evaluation of Alternative Restructuring and Remediation Proposals

Advisor Level

- Loan Workouts and Refinancing
- Recapitalization and Reorganization
- Advisory Related to Lock-Up Periods
- NAV Calculation, High Water Mark Resets and External Valuation Opinions



TRANSACTION ADVISORY

Secondary Market Transactions

Houlihan is uniquely situated to introduce transaction opportunities to both buyers and sellers across the investment universe, including the following types of positions:

- Auction Rate Securities (ARS)
- Non-Performing Whole Loan Pools
- CDO Tranches
- Limited Partnership Interests
- Mortgage-Backed Securities
- 1st and 2nd Lien Loans
- Distressed Real Estate Assets
- Other Securities/Investments

Advisor Valuation

Advisors in need of firm valuations count on Houlihan to provide comprehensive, detailed analytical reports that maximize the firm's intrinsic value, whether it is for strategic or financial purposes. Houlihan provides guidance to advisors regarding compensation and incentive structures that are strategic and can be supported by the firm's existing structure and comply with federal and state laws and regulations. Houlihan's proprietary advisor valuation model uses a fundamental approach to forecast future growth rates across each product/strategy. Other items taken into consideration include management, performance and other fees, current and projected AUM, and operating expenses.

Financial Opinions

Houlihan Smith is a leading provider of fairness opinions, one whose reputation is highly regarded. Houlihan's approach incorporates the leading best practices within the corporate governance, regulatory, legal, and valuation fields. Our experience in the asset management industry and our strict adherence to maintaining independence enables Houlihan to discern fairness for all parties in the transaction. Where areas of uncertainty do arise, we are forthcoming with sound advice to ensure significant and time sensitive transactions are completed without the foregoing of fiduciary duties.

Houlihan has issued a number of Fairness Opinions in the following situations:

- Transactions involving the purchase/sale of assets
- Transactions involving the purchase/sale of investment advisors
- Recapitalization/reorganizations





BEST EXECUTION
BEST PRACTICES

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