



LCF Edmond de Rothschild Asset Management Limited
(Company Number 1831706)

REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2007

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LCF EDMOND DE ROTHSCHILD ASSET MANAGEMENT LIMITED

REPORT AND FINANCIAL STATEMENTS 2007

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LCF EDMOND DE ROTHSCHILD ASSET MANAGEMENT LIMITED

OFFICERS AND PROFESSIONAL ADVISORS

Directors	Mr J B A Alexander (Chairman) Mr R M Sopher (Managing Director) Mr P J R Maddison Mr D Van Duyn
Secretary	Mr P J R Maddison
Registered Office	Orion House 5 Upper St Martin's Lane London WC2H 9EA
Auditors	PricewaterhouseCoopers LLP Chartered Accountants and Registered Auditors
Bankers	Lloyds TSB Bank Plc Barclays Bank Plc
Regulator	Financial Services Authority FSA Firm Code 144038

LCF EDMOND DE ROTHSCHILD ASSET MANAGEMENT LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements of LCF Edmond de Rothschild Asset Management Limited ("the Company") for the year ended 31 December 2007

1. BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

The Company has continued to advise several multi-manager investment funds. The results for the Company are set out in the profit and loss account on page 6, which shows a pre-tax profit for the year of £7.7 million, on turnover of £10.6 million. The management uses income, overall profitability and no other specific key performance indicators to monitor or measure the business.

2. BUSINESS ENVIRONMENT AND STRATEGY

The business environment for the Company remains favourable. The Company will continue to develop its strategy of seeking out opportunities to offer its expertise in the selection of hedge fund managers.

3. PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and the execution of the Company's strategy are subject to a number of risks. The key business risks of the Company are its dependence on a small number of clients, each of which is therefore significant, and its exposure to earnings in other currencies. Risks are formally reviewed by the Board and appropriate processes put in place to monitor and mitigate them. The Company's overall financial risk management strategy and activities are coordinated with the immediate parent company (see note 14 below).

4. DIVIDENDS

A dividend of £5,000,000 in relation to the year ended 31 December 2007 was paid on 1 November 2007 (2006 – £3,000,000). No further dividend in relation to the year has been proposed. The profit for the financial year of £421,435 (2006 - profit £1,932,832) will be transferred to reserves.

5. DIRECTORS' RESPONSIBILITIES

The following statement, which should be read in conjunction with the Independent Auditor's Report on page 4, is made with a view to distinguishing the respective responsibilities of the directors and of the auditors in relation to the financial statements.

LCF EDMOND DE ROTHSCHILD ASSET MANAGEMENT LIMITED

DIRECTORS' REPORT (Continued)

The directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practise (UK GAAP) of the state of affairs of the Company at the end of the financial year and of the profit or loss, for the financial year. The directors consider that in preparing the financial statements set out on pages 4 to 12, the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards which they consider to be applicable have been followed (see Note 1 (c)), and that the financial statements have been prepared on the going concern basis.

The directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure the financial statements comply with the Companies Act 1985.

6. STATEMENT OF DISCLOSURE TO AUDITORS

So far as the directors are aware, there is no relevant information (that is, information needed by the Company's auditors in connection with preparing their report) of which the Company's auditors are unaware. The directors have taken all steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

The directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

7. CLOSE COMPANY PROVISIONS

As far as the directors are aware, the Company is a close company as defined by the Income and Corporation Taxes Act 1988.

8. AUDITORS

A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the Company will be proposed at the annual general meeting.

BY ORDER OF THE BOARD

P J R Maddison
Secretary



25 March 2008

LCF EDMOND DE ROTHSCHILD ASSET MANAGEMENT LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LCF EDMOND DE ROTHSCHILD ASSET MANAGEMENT LIMITED

We have audited the financial statements of LCF Edmond de Rothschild Asset Management Limited for the year ended 31 December 2007 which comprise the Profit and Loss Account, the Balance Sheet and the related notes set out on pages 8 to 12. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

LCF EDMOND DE ROTHSCHILD ASSET MANAGEMENT LIMITED

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London, 25 March 2008

LCF EDMOND DE ROTHSCHILD ASSET MANAGEMENT LIMITED

**PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2007**

	Notes	2007 £	2006 £
Turnover		10,656,260	9,927,615
Administrative expenses	3	<u>(3,224,989)</u>	<u>(3,200,619)</u>
Operating profit		7,431,271	6,726,996
Interest receivable		317,473	-
Interest payable		<u>(3,836)</u>	<u>388,347</u>
Profit on ordinary activities before taxation		7,744,908	7,115,343
Tax on profit on ordinary activities	6	<u>(2,323,473)</u>	<u>(2,182,511)</u>
Profit on ordinary activities after taxation		5,421,435	4,932,832
Dividends	11	<u>(5,000,000)</u>	<u>(3,000,000)</u>
Retained profit for the year		<u><u>£421,435</u></u>	<u><u>£1,932,832</u></u>

STATEMENT OF RETAINED PROFITS

	2007 £	2006 £
Balance at 1 January	7,048,073	5,115,241
Retained profit for the year	<u>421,435</u>	<u>1,932,832</u>
Balance at 31 December	<u><u>£7,469,508</u></u>	<u><u>£7,048,073</u></u>

There are no movements in shareholders' funds other than in respect of retained profits

The operating profit of the Company is derived entirely from continuing operations

There is no difference between the profit on ordinary activities before taxation and the retained profit for the financial period stated above and their historical cost equivalents

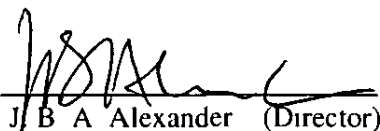
The Company has no recognised gains and losses other than those included in the profit and loss account, and therefore no separate statement of recognised gains and losses has been presented

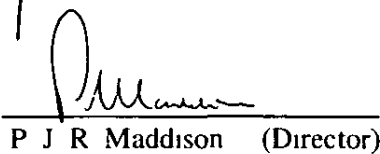
LCF EDMOND DE ROTHSCHILD ASSET MANAGEMENT LIMITED

BALANCE SHEET 31 DECEMBER 2007

	Note	2007	2006
		£	£
FIXED ASSETS			
Investments	7	81,045	81,045
CURRENT ASSETS			
Debtors	8	7,850,916	7,149,907
Cash at bank		431,461	485,776
		<u>8,282,377</u>	<u>7,635,683</u>
CREDITORS: amounts falling due within one year	9	<u>(643,914)</u>	<u>(418,655)</u>
		7,638,463	7,217,028
Total assets less current liabilities		<u><u>£7,719,508</u></u>	<u><u>£7,298,073</u></u>
CAPITAL AND RESERVES			
Called up share capital	10	250,000	250,000
Profit and loss account		7,469,508	7,048,073
Equity Shareholders' Funds		<u><u>£7,719,508</u></u>	<u><u>£7,298,073</u></u>

These financial statements were approved by the Board on 25 March 2008


J. B. A. Alexander (Director)


P. J. R. Maddison (Director)

LCF EDMOND DE ROTHSCHILD ASSET MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2007

1 ACCOUNTING POLICIES

(a) Accounting Convention

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards in the United Kingdom

(b) Foreign Currencies

Assets and liabilities denominated in foreign currencies are translated into sterling at rates ruling at the balance sheet date. Transactions denominated in foreign currencies are translated at the rate of exchange prevailing at the end of the month in which the transaction occurred. Profits and losses on exchange arising in the ordinary course of business are taken to the profit and loss account.

(c) Taxation

The charge for taxation is based on the profit for the year, as adjusted for disallowable items. Timing differences arise from the recognition for tax purposes of certain items of income and expense in a different accounting period from that in which they are recognised in the financial statements. Full provision is made for all tax timing differences.

Deferred tax assets are recognised where it is more likely than not there will be suitable taxable profits from which the future reversal of the underlying differences can be deducted.

(d) Cash Flow Information

As permitted by FRS 1, these financial statements do not include a cash flow statement, because the consolidated financial statements of Edmond de Rothschild Limited, which include this company as a wholly owned subsidiary and which are publicly available, include a consolidated cash flow statement dealing with the cash flows of the group.

(e) Related Party Disclosure

Advantage has been taken of the exemption in FRS 8, which permits a wholly owned subsidiary undertaking, which is included in the consolidated financial statements of a group, which are publicly available, from disclosing any transactions with other entities which are 90% or more owned within the group.

(f) Turnover

Turnover represents fees charged for the provision of advisory services net of retrocessions payable to counterparties recognised on an accruals basis. The balance is stated exclusive of VAT and other related taxes.

Performance fees and final dividends receivable are recorded on a cash basis when final calculations are not available at year end.

The notes on pages 8 to 12 form part of these financial statements
Auditors' Report page 4 to 5

LCF EDMOND DE ROTHSCHILD ASSET MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) YEAR ENDED 31 DECEMBER 2007

1 ACCOUNTING POLICIES (continued)

(g) Investments Held As Fixed Assets

Investments, which are held as fixed assets, are included in the balance sheet at cost less provision for impairment in value

(h) Financial Instruments Disclosure

Advantage has been taken of the exemption in FRS 29 which permits a subsidiary where at least 90% of the voting rights are held within the group, to omit disclosures concerning financial instruments under that standard

(i) Debtors and Creditors

Trade debtors (creditors) relate to unpaid fees and invoices for services provided. Amounts owed by Group companies relate to LCF Edmond de Rothschild Securities Limited

2 SEGMENTAL AND GEOGRAPHICAL ANALYSIS

The Company's services are provided to a world market and the Company operates in one category of business, that of the provision of advisory financial services. Further segmental information is provided in the accounts of the ultimate parent

3 ADMINISTRATIVE EXPENSES

Administrative expenses include a management charge of £3,200,000 (2006 - £3,200,000) from the parent company. This includes directors' emoluments for management services, as detailed below, and audit fees of £29,000 (2006 - £15,000)

4 DIRECTORS' EMOLUMENTS

	2007	2006
	£	£
Aggregate emoluments (excluding pension contributions)	2,718,838	2,743,387
Aggregate value of company contributions to defined contribution pension scheme (in respect of 4 directors)	48,124	131,295
Highest paid director		
Aggregate emoluments (excluding pension contributions)	1,686,764	1,563,368
Company pension contributions to defined contribution pension schemes	13,081	12,721

Apart from the directors' emoluments information disclosed above, there are no other related party transactions with directors or other officers of the Company that are required to be disclosed under FRS 8 Related Party Disclosure

LCF EDMOND DE ROTHSCHILD ASSET MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) YEAR ENDED 31 DECEMBER 2007

5 EMPLOYEES

No staff were employed directly by the Company during the year (2006 – Nil)

6 TAX ON PROFIT ON ORDINARY ACTIVITIES

	2007	2006
	£	£
Profit on ordinary activities before tax	7,744,908	7,115,343
U K Corporation tax based on profit for the year at 30% (2006 - 30%)	2,323,473	2,146,603
Adjustments in respect of prior periods	-	35,908
Current tax charge for the year	<u>£2,323,473</u>	<u>£2,182,511</u>
Deferred tax charge	-	-
Tax on profit on ordinary activities	<u>£2,323,473</u>	<u>£2,182,511</u>

7 INVESTMENTS HELD AS FIXED ASSETS

<u>Name</u>	<u>Country of Registration or Incorporation</u>	<u>Description and amount of Shares Held</u>	<u>Proportion of Nominal Value of Issued Shares Held</u>	<u>Principal Activity</u>
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(a) Held by the Company and included in the balance sheet at cost less provision for impairment in value

Other Investments

ACH Management S A	Luxembourg	150 Ordinary Shares of Flux 1,000 each	5%	Fund Adviser
ECH Investments Limited	Luxembourg	5,000 Ordinary Shares of EUR 1 each	5%	Fund Adviser
ECH Investments Limited	Luxembourg	7,500 Preference 'E' Shares of EUR 1 each	100%	Fund Adviser
ECH Investments Limited	Luxembourg	778 Participating Preferred Shares of EUR 1 each	77.8%	Fund Adviser
L C H Investments N V	Curaçao	5 Ordinary Shares of USD 1 each	0.5%	Fund Adviser

The notes on pages 8 to 12 form part of these financial statements
Auditors' Report page 4 to 5

LCF EDMOND DE ROTHSCHILD ASSET MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED 31 DECEMBER 2007**

7 INVESTMENTS HELD AS FIXED ASSETS (Continued)

(b)	Other Investments
Cost	£
At 1 January 2007	81,045
Additions	-
At 31 December 2007	<u>£81,045</u>
Provisions	
At 1 January 2007	-
Provided during the year	-
At 31 December 2007	<u>-</u>
Net Book Value at 31 December 2007	<u>£81,045</u>
Net Book Value at 31 December 2006	<u>£81,045</u>

8 DEBTORS

	2007	2006
	£	£
Trade debtors		
- group companies	1,984,391	1,085,809
- other companies	1,897,756	1,145,564
Other amounts owed by group companies	3,968,769	4,918,534
	<u>£7,850,916</u>	<u>£7,149,907</u>

9 CREDITORS: amounts falling due within one year

	2007	2006
	£	£
Corporation tax	-	-
Retrocessions payable	643,914	418,655
Other creditors and accruals	-	-
	<u>£643,914</u>	<u>£418,655</u>

LCF EDMOND DE ROTHSCHILD ASSET MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED 31 DECEMBER 2007

10 CALLED UP SHARE CAPITAL

	<u>Ordinary Shares of £1 each</u>	
	2007	2006
	£	£
Authorised, issued and fully paid	<u>£250,000</u>	<u>£250,000</u>

11 DIVIDENDS

	2007	2006
	£	£
Ordinary final dividend paid in the year	<u>£5,000,000</u>	<u>£3,000,000</u>

12 RELATED PARTY TRANSACTIONS

	2007	2006
	£	£
Transactions with ECH Investments Ltd		
- Dividends received	1,445,453	1,353,744
- Fees and recoverable expenses received	<u>2,674,536</u>	<u>2,255,995</u>
	<u>£4,119,989</u>	<u>£3,609,739</u>

LCF Edmond de Rothschild Asset Management Limited provides services to ECH Investments Ltd. The ultimate controlling party of LCF Edmond de Rothschild Asset Management Limited has a controlling shareholding in ECH Investments Ltd, and it is accordingly consolidated into the ultimate controlling party's accounts.

13 CONTINGENT LIABILITIES

There are no contingent liabilities known to the directors (2006 – Nil)

14 IMMEDIATE AND ULTIMATE HOLDING COMPANY

The Company is a wholly owned subsidiary of Edmond de Rothschild Limited, a company registered in England and Wales. Copies of financial statements can be obtained from the registered office.

The directors consider the ultimate holding company and ultimate controlling party to be LCF Holding Benjamin et Edmond de Rothschild S A, Case postale 5254, 1211 Genève 11, a company incorporated in Switzerland.