CALCULATED BY S&P CUSTOM INDICES

SGI ALTERNATIVE BETA

Index Rules Summary

Version as of 18 July 2007

1. Index Summary Description:

Index description
The SGI Alternative Beta (the "**Index**") attempts to offer a liquid and transparent exposure to the performance of the hedge funds industry as a whole. The philosophy of the Index lies on the assumption that the behavior of a basket of hedge funds, well-diversified among types of strategies and geographies, can be mathematically replicated by using models commonly mentioned in academic literature as "factor models". Being a dynamic combination of daily tradable and fully disclosed indices, the Index aims at circumventing traditional limitations of the hedge funds industry, such as a low liquidity, a limited transparency, and a high level of management fees.

The Index is rebalanced on a monthly basis pursuant to a process-driven methodology and a programming algorithm. A dynamic leverage policy is also implemented in order to reduce (respectively increase) the exposure of the Index to its target constituents in case of an increase (respectively decrease) of the on-going 1-month historical volatility of the Index.

The Index is calculated and published by Standard & Poor's, a division of the McGraw-Hill Companies, Inc (the "**Index Calculation Agent**").

Investment strategy
The Index is constructed using a process-driven methodology and a programming algorithm (the "**Algorithm**"). The Algorithm compares a proxy of the hedge funds industry (the "**Target Index Benchmark**") to a short list of target indices (each a "**Target Index Component**") and determines the target exposure to each Target Index Component to replicate at best, month after month, the Target Index Benchmark (the "**Target Exposure**").

The short list of Target Index Components and their respective Target Exposures are reviewed on the second calculation date of each month (the "**Review Date**") pursuant to the following four-step process:

- determination of the Target Index Benchmark among a pre-defined universe of Potential Index Benchmarks;

- determination of the Target Index Components among a pre-defined universe of Potential Index Components;

- determination by the Algorithm, loaded with the resulting Target Index Benchmark and Target Index Components, of Target Exposures, either positive or negative, to the Target Index Components; and

- determination of the Index exposure to Target Index Components allocation in accordance with a dynamic leverage policy that aims at enhancing the reactivity to market changes: the exposure is decreased (respectively increased) in case of an increase (respectively decrease) of the on-going 1-month historical volatility of the Index.

No qualitative overlay is applied to determine the Target Exposures.

The resulting allocation is deemed to be the new Index allocation and shall be implemented after the closing on the first calculation date immediately following the Review Date (the "**Rebalancing Date**") and will remain effective until the next Rebalancing Date (included).

Upon request, S&P can provide the detailed Index Rules.