



proteom

F1000
Volatility Opportunity Fund

*Strategy
Description*

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Disclaimer

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Past performance is no guarantee of future results.

While every effort has been made to provide data from sources considered to be reliable, no guarantee of accuracy is given. Contents of the brochure are subject to change and periodic revisions without prior notice.

Table of Contents

| | |
|-----------------------------|-------|
| Concept..... | 4 |
| Investment Objectives..... | 5 |
| Historical Performance..... | 6 |
| Performance Summary..... | 7 |
| Monthly Returns | 8 |
| Alpha Generation..... | 9 |
| Style Analysis..... | 10 |
| Experience..... | 11 |
| Ownership Structure..... | 12 |
| Investment Approach..... | 13 |
| Advantages..... | 14-15 |
| Portfolio Construction..... | 16 |
| Risk Management..... | 17-18 |
| Execution..... | 19 |
| Investor Information..... | 20 |
| Service Team..... | 21 |
| Summary..... | 22 |
| Further Information..... | 23 |
| Contact..... | 24 |
| Notes..... | 25 |

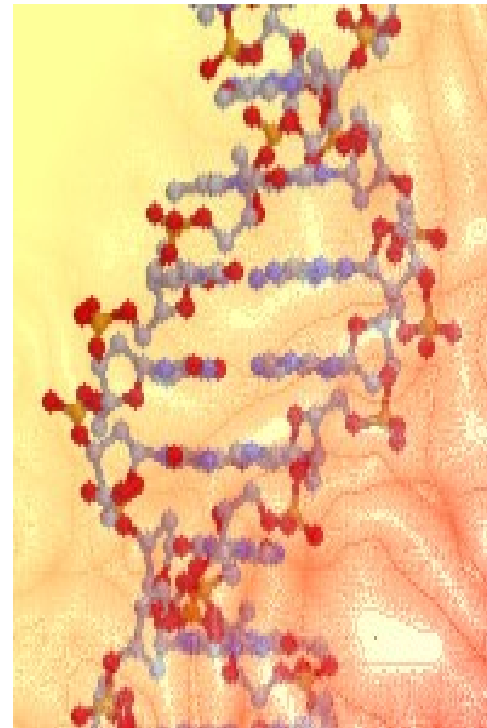
Concept



“Using the power of computational econometrics to navigate financial markets.”

Investment Objectives

- Return
 - Annual Returns $> 50\%$
 - Volatility 25% to 30%
 - Sharpe Ratio > 2
- Risk
 - Drawdown < 1 qtr. avg. return
 - Portfolio beta $< +/- 0.1$
 - Correlation with SP500 $< +/- 0.1$
 - Correlation with VIXX $< +/- 0.1$



Historical Performance

Manager Performance

Single Computation

Tuesday, October 1, 2002 - Friday, December 30, 2005



Performance Summary

| Oct 2002 to Dec 2005 | SP500 | F1000 |
|-----------------------------|--------------|----------------|
| Compound Return | 13.97% | 207.34% |
| Downside Risk | 9.56% | 34.15% |
| Volatility | 14.67% | 57.66% |
| Beta | | 0.01 |
| Sharpe | 0.87 | 3.58 |
| Information Ratio | | 3.25 |
| Annualized Alpha | | 257.54% |

- Returns net of all trading costs, management and performance fees

Monthly Returns

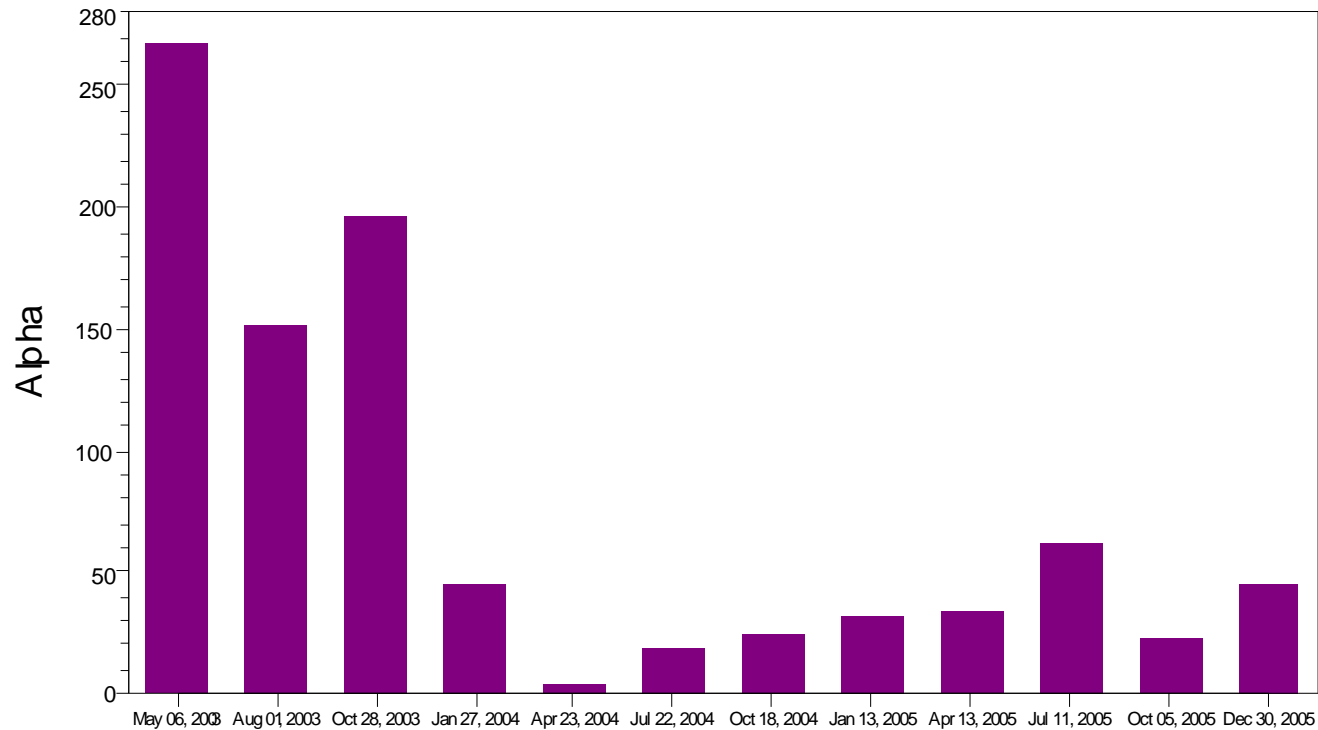
| | | | | | | | | | | | | | |
|--------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|---------------|
| <u>2002</u> | | | | | | | | | | <u>Oct</u> | <u>Nov</u> | <u>Dec</u> | <u>2002</u> |
| <u>Fund</u> | | | | | | | | | | -0.94 | -0.17 | 9.04 | 7.83 |
| <u>Index</u> | | | | | | | | | | 8.64 | 5.71 | -6.03 | 8.00 |
| <u>2003</u> | <u>Jan</u> | <u>Feb</u> | <u>Mar</u> | <u>Apr</u> | <u>May</u> | <u>Jun</u> | <u>Jul</u> | <u>Aug</u> | <u>Sep</u> | <u>Oct</u> | <u>Nov</u> | <u>Dec</u> | <u>2003</u> |
| <u>Fund</u> | -14.56 | 130.88 | 8.94 | 16.45 | 15.72 | 46.75 | 18.72 | 48.85 | 10.96 | 23.69 | 16.53 | -10.31 | 977.36 |
| <u>Index</u> | -2.74 | -1.70 | 0.84 | 8.10 | 5.09 | 1.13 | 1.62 | 1.79 | -1.19 | 5.50 | 0.71 | 5.08 | 26.38 |
| <u>2004</u> | <u>Jan</u> | <u>Feb</u> | <u>Mar</u> | <u>Apr</u> | <u>May</u> | <u>Jun</u> | <u>Jul</u> | <u>Aug</u> | <u>Sep</u> | <u>Oct</u> | <u>Nov</u> | <u>Dec</u> | <u>2004</u> |
| <u>Fund</u> | -4.06 | 8.25 | 3.29 | 0.19 | 0.56 | 5.17 | 2.79 | 8.00 | 5.42 | 11.57 | 1.14 | 9.46 | 64.31 |
| <u>Index</u> | 1.73 | 1.22 | -1.64 | -1.68 | 1.21 | 1.80 | -3.43 | 0.23 | 0.94 | 1.40 | 3.86 | 3.25 | 8.99 |
| <u>2005</u> | <u>Jan</u> | <u>Feb</u> | <u>Mar</u> | <u>Apr</u> | <u>May</u> | <u>Jun</u> | <u>Jul</u> | <u>Aug</u> | <u>Sep</u> | <u>Oct</u> | <u>Nov</u> | <u>Dec</u> | <u>2005</u> |
| <u>Fund</u> | 7.47 | -1.11 | 11.44 | 8.63 | 15.33 | 6.27 | 5.64 | -5.26 | 4.72 | 15.47 | 1.23 | 7.80 | 108.27 |
| <u>Index</u> | -2.53 | 1.89 | -1.91 | -2.01 | 3.00 | -0.01 | 3.60 | -1.12 | 0.69 | -1.77 | 3.52 | -0.10 | 3.00 |

Notes:

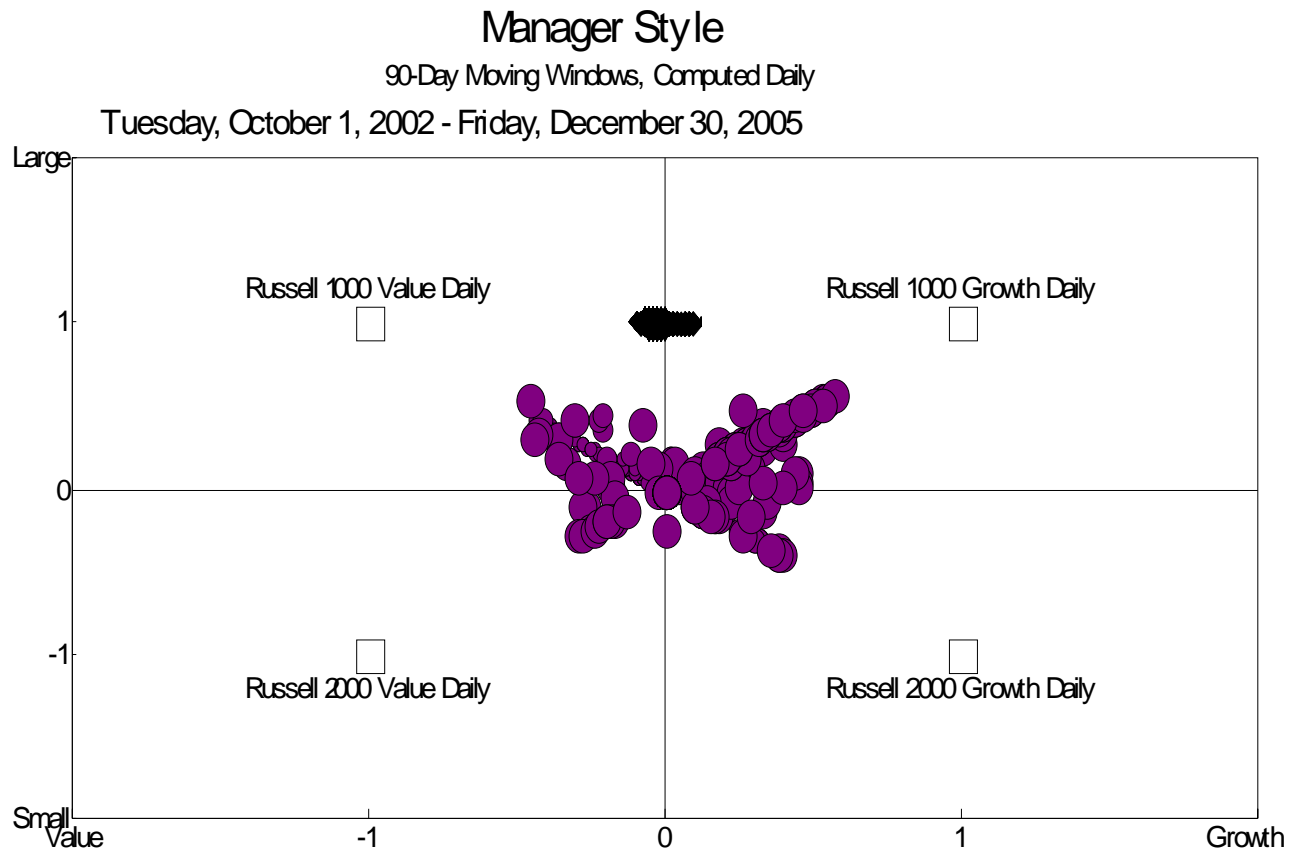
1. Live trading in the period Oct 2002 – July 2004
2. Returns are net of trading costs and management fees.

Alpha Generation

Manager vs Benchmark Alpha
90-Day Moving Windows, Computed Daily



Style Analysis



Experience

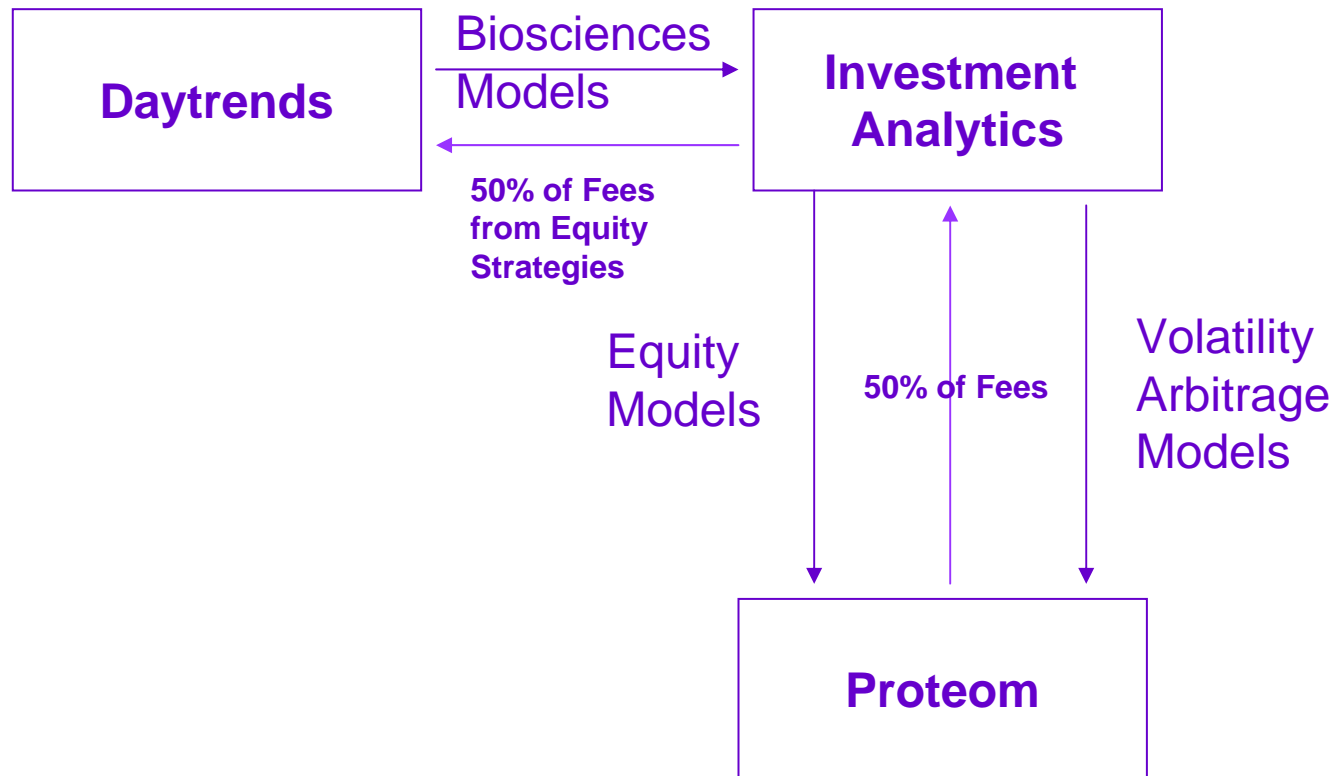


- Jonathan Kinlay, PhD
 - CEO of Proteom Capital Management Ltd.
 - Founder \$350M Caissa Capital fund
 - Managed \$50M hedge fund for 7 Years
 - Founder, Investment Analytics
 - Adjunct Professor, New York University



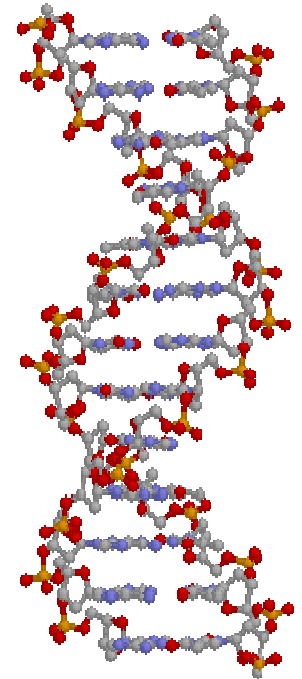
- Haftan Eckholdt, PhD
 - Graduate degrees Cornell & Columbia
 - Biostatistician for 10 years
 - Headed Biometry in Neuroscience
 - Founded Daytrends Inc. in 2000

Ownership Structure



Investment Approach

- Investment Universe
 - 200 most liquid S&P 500 index members
 - Around 400-600 long/short stock & option positions
 - Option spreads 40-50 days out
- Portfolio Construction
 - Econometric forecasting models
 - Long/Short volatility portfolios
- Risk Management
 - Intraday Value-at-Risk monitoring
 - Risk management technique for extreme moves



Advantages

- Superior Performance
 - Annual alpha of 257.54%
 - Sharpe ratio 3.58
- Uncorrelated
 - Beta close to zero
 - Correlation close to zero
 - S&P500
 - VIX index



Advantages

- **Unique Proprietary Technology**
 - Sustainable competitive advantage
 - Consistent strategy alpha
- **Capacity & Scalability**
 - \$billions capacity in S&P500 universe
 - Non-discretionary trading and automated execution platform offer rapid scalability
- **Experienced team**
 - 20 years money management experience
 - Profitable track record quantitative strategies

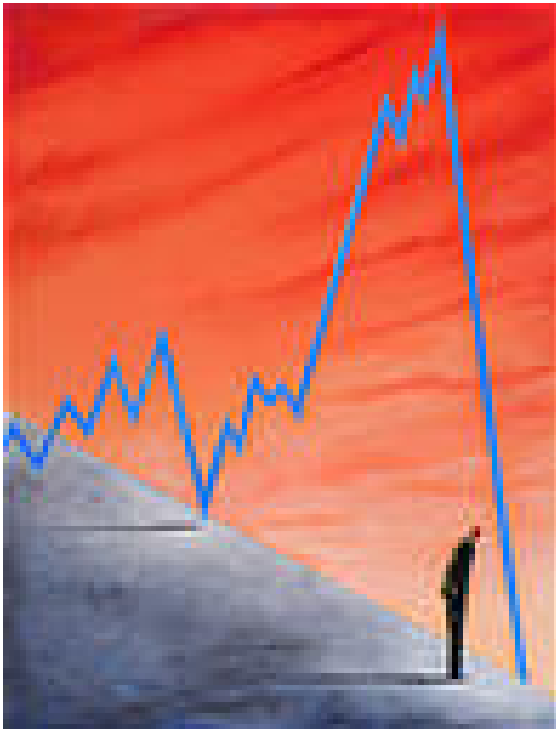


Portfolio Construction

- Proprietary volatility forecasting models
 - Six different model types per stock
 - Adaptable to current market conditions
 - Regime shift detection models
- Model Management System
 - Updates models daily
 - Produces volatility forecasts
 - Identifies mispriced options
 - Constructs portfolio
 - Creates trading sheet

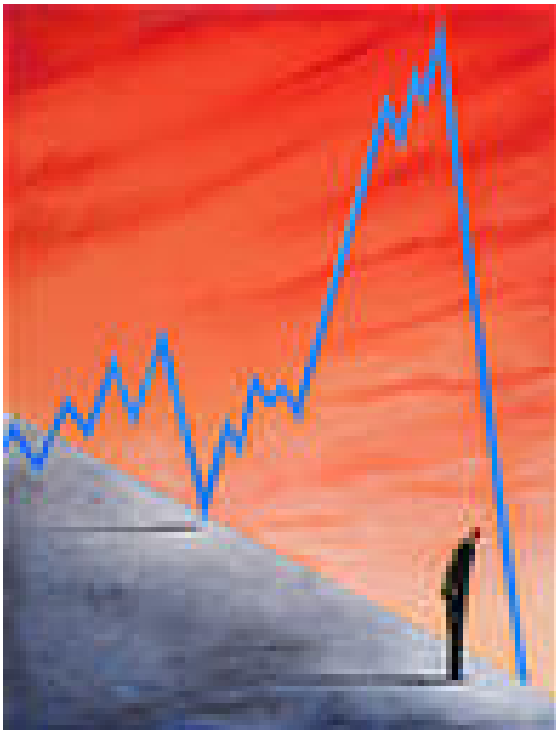


Risk Management



- Extreme Markets / Event Risk
 - Operate portfolio within Value-at-Risk limit
 - Stress test for 20% down move
 - CrashMetrics methodology to hedge tail risk
 - Diversification (across stocks, option maturities, multiple entry points)
- Volatility Risk
 - Stress test for 50% increase in volatility
 - Attempt to remain Gamma positive or limit negative Gamma
 - Buy cheap wing protection

Risk Management



- Liquidity Risk
 - Screen stocks for liquidity
 - Invest in only most highly liquid SP500 names (plus SPX and QQQ)
 - Maximum allocation to any single stock is 4% of capital
- Execution Risk
 - Monitor earnings
 - Screen trades in stocks with M&A activity, FDA approvals, etc

Execution

REDIPlus[®] Electronic Trade Platform



| | |
|---|--------|
| | +2.688 |
| 0 | +5.000 |
| 1 | +1.500 |
| 0 | +1.125 |
| 0 | +1.062 |

- Across all major exchanges
- Minimize visibility of execution
- Fast & efficient
- Low cost (no brokerage fees)
- Trade inside bid-offer spread
- Minimal market impact

Investor Information

TERMS OF INVESTMENT

| | |
|--------------------------------|---|
| Management Fees | 0% (option 1) 2% (option 2) |
| Performance Allocation | 50% (option 1) 35% (option 2) |
| Minimum Investment | \$1 million US |
| Subscriptions | Monthly |
| Redemptions | Quarterly, 30 days notice 5% penalty in year 1 |
| Lock-up | None |
| High Water Mark | Yes |
| Managed Account Minimum | \$30 million US |

Service Team

| | |
|----------------------|---|
| Legal | USA: Coudert Brothers Bermuda: Appleby Spirling Hunter |
| Prime Broker | Goldman Sachs |
| Custodian | Spear Leeds Kellogg |
| Auditor | Ernst & Young |
| Administrator | Bisys |

Summary

- Proprietary econometric models
- Long/Short volatility arbitrage
- Outperforms S&P500 Index
- Experienced, competent team

Further Information

- Proteom Web Site: www.proteomcapital.com
 - User name: pinvestor
 - Password: proteom
- Go to the Proteom web site for:
 - Technical Presentation
 - Two Page Strategy Summary
 - Zephyr Style Advisor report
 - Detailed Strategy Analysis
 - Due Diligence Information
 - Offering Documents

Contact

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Web: www.proteomcapital.com

Notes

1. Proteom Capital Management Ltd is the Investment Manager of the Proteom Fund Ltd.
2. Returns for the Proteom Fund, herein include the reinvestment of dividends, capital gains and other earnings.
3. Nothing herein should be construed as a solicitation of clients, or as an offer to sell or a solicitation of an offer to invest in the fund. Such activities may be made only pursuant to a private placement memorandum. As a matter of practice, Proteom Capital Management Ltd does not solicit clients.
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5. While every effort has been made to provide data from sources considered to be reliable, no guarantee of accuracy is given.
6. The contents herein are subject to change without prior notice.
7. This brochure is typically updated as at the most recent calendar month end.
8. Historical data are presented for informational purposes only.
9. Except where stated, funds managed by Proteom do not attempt to track any index or benchmark.
10. Benchmark data are total returns for the indices for the periods shown and are for comparison purposes only.
11. Cumulative benchmark data and performance data are compounded monthly.
12. Volatility is measured by the annualized standard deviation of monthly returns.
13. Investment programs described herein contain significant risks.
14. Proteom Equity Fund LLC is an onshore fund generally open to qualified US investors, as defined.
15. Proteom Global Equity Fund Ltd is an offshore fund generally open to qualified non-US investors, as defined.
16. This presentation is provided for information purposes only and is subject to, and qualified fully by the funds Confidential Private Placement Memorandum (PPM) and related documents.