

EV Smaller Companies Fund

MANAGED BY

EValuation Capital Management B.V.

Long/short equity fund with a focus on the Benelux and Germany

The EV Smaller Companies Fund is a long/short equity fund. The fund invests in shares of European 'under-researched' companies, with a particular focus on the Benelux and Germany. This mostly concerns smaller companies with a maximum market capitalization of € 2.5 billion. The fund's objective is to make a positive return, regardless of the market conditions, and aims for an average return in the medium term (3 to 5 years) of 15% per annum.

A fundamental and disciplined approach

The fund tries to achieve its objective by reacting to considerable valuation inefficiencies of certain shares. Long/short strategies are used in this: combinations of long positions (in case of undervaluation) and short positions (in case of overvaluation). The fund can therefore benefit from both share price increases as well as decreases. Long and short positions are selected by means of a disciplined approach based on thorough, fundamental analysis. Within the investment process, a lot of emphasis is put on company visits and management contact (approx. 150 visits per annum). The fund manager is looking for those companies of which it may be expected that their under- or overvaluation will be neutralized within 12 months. The fund runs a concentrated portfolio of 15 to 30 companies.

Smaller companies offer opportunities

At many smaller stock market quoted companies, the entrepreneurial spirit remains very much present. Opportunities are recognized earlier and management reacts proactively to changing market circumstances. Moreover, management of those companies is very accessible. Many smaller companies with a market capitalization of less than € 2.5 billion are not well known. They receive less attention from analysts from large banks as trade commission and income from transactions are much lower compared to blue chip companies.



Charles J. M.M. Estourgie CEFA

"Less attention for small cap companies means that the market for these companies is not as efficient and therefore offers more opportunities. The investment universe of smaller companies allows ample possibility for own fundamental research and room for the fund manager to prove his value added."

"Intensive research can result in obtaining a lead in information. In that respect it is important to note that separate facts when combined or put in relation to other information can become materially important (Mosaic Theory). That lead in information means that the under- or overvaluation can be discerned earlier."



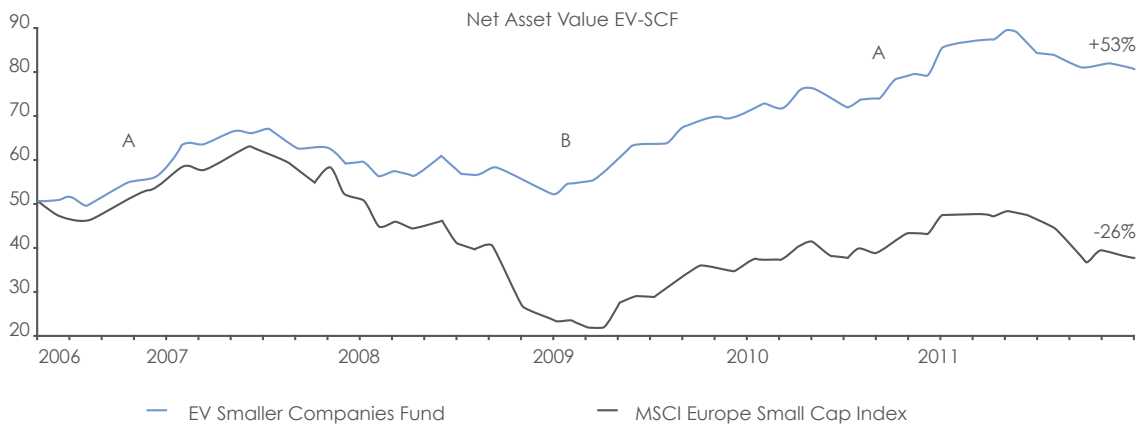
Willem D.C. de Vlugt CFA

Experienced team

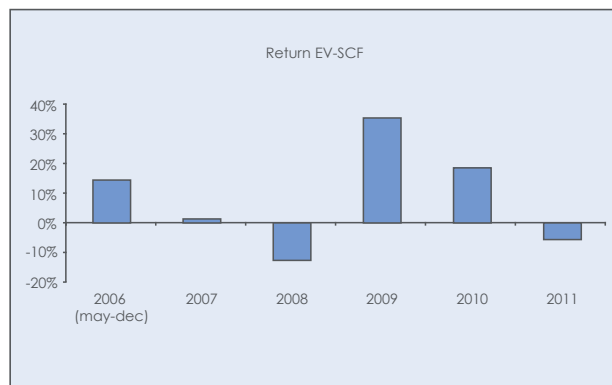
Evaluation Capital Management B.V. was founded in 2006 by Charles Estourgie and Willem de Vlugt and is subject to the supervision of the Financial Markets Authority (Autoriteit Financiële Markten) in the Netherlands. Combined, the fund managers have over 25 years of experience with small and mid sized quoted companies. In the past they have been employed at Kempen & Co, ABN Amro and Merrill Lynch in Amsterdam and London. Besides the two fund managers, the team consists of an experienced analyst, Patrick de Pont. Furthermore, the fund manager is assisted by an Advisory Board.

Proven track record: a balance between capital growth and capital preservation

A combination of long and short positions results in a risk profile of the fund which lies substantially below to that of the market. The fund manager aims to achieve above average returns during favorable markets (A), based on its stock picking skills, and limit the downside during unfavorable markets (B), by keeping a low net exposure. As a result (and since inception may 2006), the fund's net asset value has had a less volatile development.



In practice, the fund will have a net exposure between 0% to 70%. During favorable markets the emphasis is on capital growth and the net exposure is increased allowing the fund to participate in the upside with an acceptable risk profile. During unfavorable markets, the focus is on capital preservation and the net exposure is reduced through the addition of short positions.



Strict risk management

The fund manager puts a lot of emphasis on risk management. The fund will only invest in European stock market quoted companies. A long or short position in a particular company will amount to no more than 15% of the fund's portfolio. Each investment's performance is not only tracked on an absolute level, but also relative to the MSCI Europe Small Cap Index. Should an investment show a 25% relative underperformance then a 'forced exit' takes place and the investment is reversed. This prevents the fund manager from becoming fixated with an investment at all costs. The fund will not own more than 5% of the outstanding shares of company. Furthermore, the fund manager pays much attention to the liquidity of the portfolio (the average market capitalization of the companies in the portfolio is approximately € 500m and the portfolio can, if necessary, be liquidated within days). The aforementioned restrictions allow no single position to have an above average negative impact on the return of the portfolio. Strict risk management in combination with a well balanced focus on capital growth and capital preservation have resulted that in 2008, a year which will go down in history as the worst year for equities since the 30's, the fund managed to limit losses considerably.

Differentiating factors

The EV Smaller Companies Fund and the fund manager differentiate themselves by:

- ◇ investing in small & mid cap companies
- ◇ having a focused geographical investment universe (Benelux and Germany)
- ◇ putting emphasis on company visits and management contact within its investment process and thereby only investing in companies they know well
- ◇ investing through a concentrated and actively managed long/short portfolio
- ◇ striking a balance between capital growth and capital preservation
- ◇ a risk profile of the fund which lies substantially below that of the market
- ◇ having invested a considerable amount of their own wealth in the fund

Fund characteristics EV Smaller Companies Fund

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|------------------------------------|---|
| <i>Structure</i> | Open-end fund on joint account |
| <i>Fund Manager</i> | EValuation Capital Management B.V. |
| <i>Custodian</i> | Stichting Bewaarder EV Smaller Companies Fund |
| <i>Administrator</i> | CACEIS Netherlands N.V. |
| <i>Accountant</i> | Deloitte Accountants B.V. |
| <i>Supervision</i> | Financial Markets Authority and Dutch Central Bank |
| <i>Management Fee</i> | 0.15% per month |
| <i>Performance Fee</i> | 20% per quarter with high watermark |
| <i>Unit issuance</i> | First working day of the month |
| <i>Entrance fee</i> | 0.25% (fully for the fund) |
| <i>Redemption fee < 1 year</i> | 3% (fully for the fund) |
| <i>Redemption fee > 1 year</i> | 1% (fully for the fund) |
| <i>Net Asset Value publication</i> | Monthly on www.evaluationcapital.com |
| <i>Reporting</i> | Monthly Update and (semi) annual reports |
| <i>ISIN / Bloomberg</i> | NL0000685261 / EVSMALL NA |

Are you interested in investing in the EV Smaller Companies Fund?

Please contact the fund manager:

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The subscription form and other information can be downloaded from the website:

www.evaluationcapital.com.

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