

CREDIT SUISSE/TREMONT INVESTABLE HEDGE FUND INDEX

2005 ANNUAL REVIEW





HEDGE FUND MARKET OVERVIEW

In 2005, the Credit Suisse/Tremont Investable Hedge Fund Index (“INVX”), was up +3.53% net. The INVX outperformed, on a gross basis, four out of five competing investable indices. The INVX finished the year up +4.41% gross, as compared to HFRX, S&P, DJHF, FTSE, and MSCI (+2.72%, +2.39%, +2.35%, +2.28%, and +4.68, respectively).

Performance and Risk Statistics (Gross)* (January 2004 – December 2005)

	Dec-05	2005 YTD	ITD**	2004
INVX	0.58%	4.41%	10.89%	6.20%
MSCI	0.99%	4.68%	7.93%	3.10%
S&P	0.60%	2.74%	6.79%	3.95%
HFRX	1.48%	2.72%	5.49%	2.69%
DJHF	0.64%	2.35%	7.78%	5.31%
FTSE	1.23%	2.60%	5.34%	2.67%

*For the purposes of this chart, INVX returns are presented on a gross basis. Please see endnotes for descriptions of the indices. INVX launched on August 1, 2003.

** ITD represents the cumulative return from January 2004 through December 2005.

The year was characterized by several market factors. In terms of currencies, the U.S. dollar (“USD”) appreciated versus both the Euro and the Yen. With regard to specific market sectors, energy was a major theme. During the year, the price of oil rose approximately +51%, this follows the approximate +53% rise that occurred in 2004. A number of other energy related investments also followed suit, as well as commodities, e.g. gold, which rose +18% during the year. In terms of equities, strong performance was registered in several Asian and European equity markets. In addition, ongoing levels of

low volatility tended to negatively impact many of the relative value strategies.

Based on preliminary data from the Tremont Asset Flows Report, it appears that capital continued to flow into hedge funds in 2005, albeit at a slower pace than in 2004. With respect to capital flowing in and out of the various strategies in 2005, the largest net positive flows were in the Event Driven, Multi-Strategy and Long/Short Equity strategies. The largest net negative flows came from the Convertible Arbitrage, Equity Market Neutral and Managed Futures strategies. (2005 net flows are estimates.) As discussed later in this review, the Convertible Arbitrage strategy continues to face a number of challenges, especially with regard to the ongoing low levels of volatility.

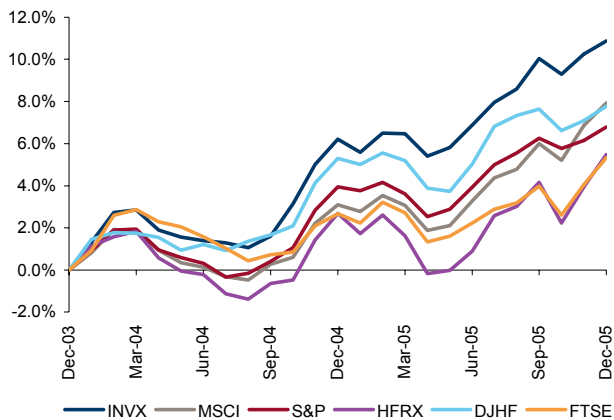
Seven of the ten hedge fund strategies generated a positive return for the year. The Emerging Markets strategy was the best performing strategy of the overall INVX during 2005, up +22.80% net. Emerging markets managers that dedicated a sizeable portion of their overall portfolios to equities tended to be among the best performers. The Dedicated Short strategy, the second best performing strategy of the INVX during the year, was up +8.04%. The Multi-Strategy category, the third best performing strategy of the INVX during the year, was up +6.02% net.



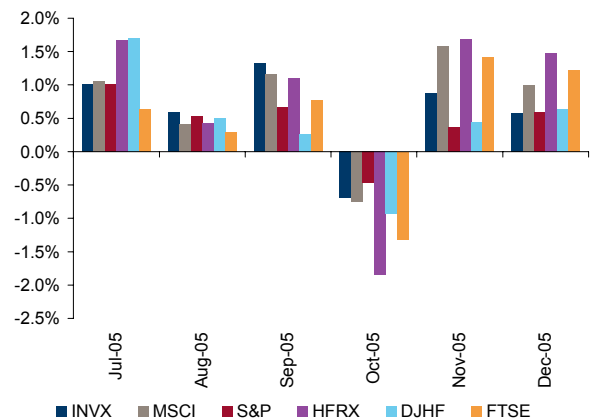
Correlation and Other Risk Statistics (Gross)*
 (January 2004 – December 2005)

Correlation Matrix	INVX	MSCI	S&P	HFRX	DJHF	FTSE	Volatility	Average Monthly Return	Best Month	Worst Month	S&P 500 Beta	TOPIX Beta	STOXX 50 Beta
INVX	1.00						2.8%	0.43%	1.81%	-1.01%	0.21	0.07	0.15
MSCI	0.90	1.00					3.0%	0.40%	2.19%	-1.15%	0.23	0.08	0.19
S&P	0.92	0.93	1.00				2.7%	0.35%	2.01%	-1.03%	0.22	0.06	0.15
HFRX	0.86	0.96	0.90	1.00			4.1%	0.32%	2.45%	-1.85%	0.32	0.13	0.22
DJHF	0.80	0.84	0.89	0.88	1.00		2.8%	0.37%	2.00%	-1.25%	0.24	0.05	0.18
FTSE	0.85	0.94	0.85	0.92	0.75	1.00	3.1%	0.30%	2.17%	-1.34%	0.25	0.10	0.19

Cumulative Returns (Gross)*
 (January 2004 – December 2005)



Trailing 6 Monthly Returns (Gross)*
 (July 2005 – December 2005)



Sources: All performance data shown above taken from: Credit Suisse Tremont Index LLC, www.hedgeindex.com, www.msci.com, www.spglobal.com. MSCI, S&P and HFR Index data was obtained from publicly available sources. Credit Suisse Tremont LLC does not guarantee, and takes no responsibility or liability for, the reliability, accuracy or completeness of such data. See endnotes for additional disclosures attached at the end of this document.

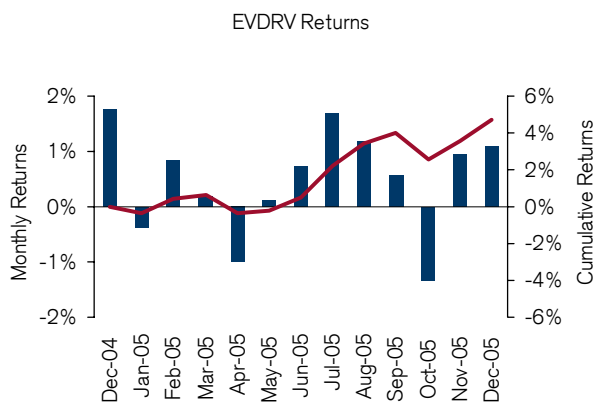
*For the purposes of the charts and graphs on this page, the INVX statistics and/or returns are presented on a gross basis.



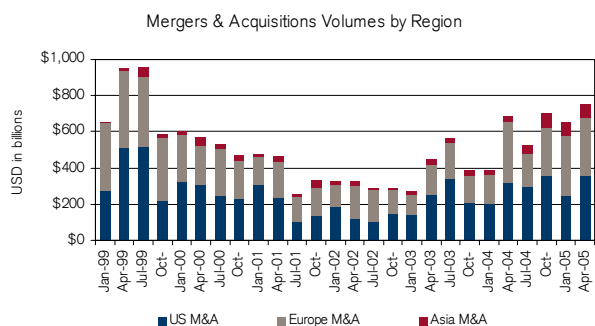
SECTOR COMMENTARY

Event Driven

Strategy Performance for 2005: +4.71% net
 Weight in % of INVX as of December: 16.9%
 Months with Positive Performance in 2005: 9
 Months with Negative Performance in 2005: 3



Source: Credit Suisse Tremont Index LLC. Returns net of a 0.07% monthly calculation fee.



Source: Bloomberg

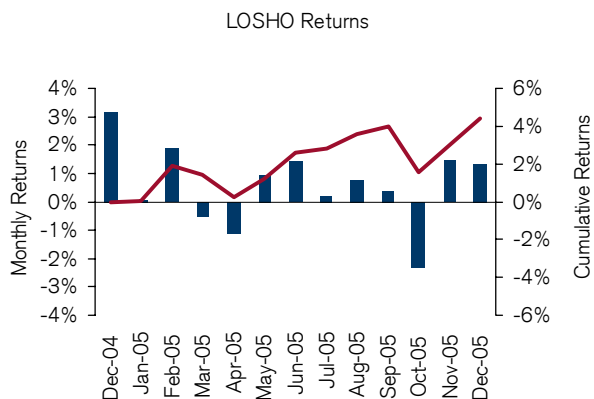
Event Driven

The Event Driven sector of INVX was up +4.71% net for 2005. Earlier in the year, managers holding long distressed positions across all credit tiers were rewarded during the first two months of 2005 as credit spreads compressed to historically low levels. There was a major reversal of sentiment in the credit markets during March as interest rates rose and credit spreads widened. All segments of the credit markets were affected and all major credit indices ended the month in negative territory. The Credit Suisse High Yield Index had its worst monthly return since July of 2002. Managers cited inflation worries, increased Federal Reserve interest tightening and company specific credit situations (specifically General Motors and Ford) as the causes. In June, credit fears from the automobile sector in early May subsided and managers were able to profit from the out-performance of lower rated credits. In the third quarter, strong U.S. corporate earnings reports spurred distressed and high yield credit markets, and multi-strategy, risk arbitrage and distressed managers all generally posted gains. Lower rated credits generally outperformed higher rated ones in July and some distressed managers reported reducing portfolio risk and taking profits during the high yield rally. August was also a strong month for Event Driven managers as investments in the energy and telecommunications sectors added to some managers' profits. The defensive credit stance taken by some managers was proven correct in September as Moody's projected a default rate of 3.1% by mid-2006 (almost double the current rate) causing some high yield spreads to widen. Negative events such as higher energy prices, continued U.S. interest rate hikes, inflation warnings and the dual economic impact of Hurricanes Katrina and Rita also contributed to credit spread widening. In the fourth quarter, managers with large exposures to the energy sector tended to fare the worst as oil and gas prices, as well as energy related companies, reversed from their peak in September. In addition, Refco, a large foreign exchange and commodities broker, was forced to file for Chapter 11 bankruptcy in October after an accounting fraud was discovered at the company. Managers with exposure to Refco securities in their portfolios suffered losses after the news. Market sentiment reversed in November, particularly in the energy sector, which helped a few managers that previously lost money on longer dated event trades. In November, in spite of high yield spread widening, several distressed managers profited from short positions in leveraged buyout candidates and long positions in non-par high yield debt. December was another positive month for the Event Driven sector. Distressed managers generally performed well due to investments in senior secured bank debt positions, short positions in leveraged buyout candidates and long positions in non-par high yield debt.

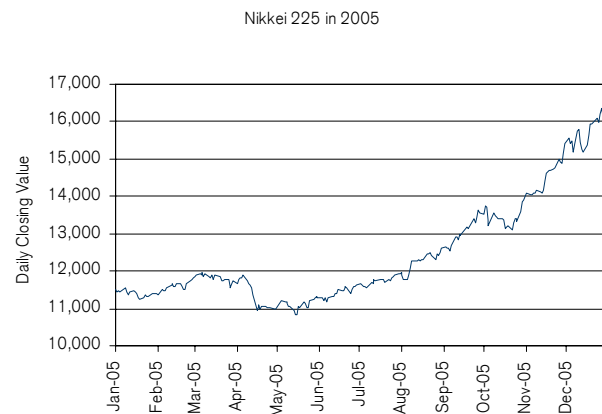


Long/Short Equity

Strategy Performance for 2005: +4.38% net
 Weight in % of INVX as of December: 13.5%
 Months with Positive Performance in 2005: 9
 Months with Negative Performance in 2005: 3



Source: Credit Suisse Tremont Index LLC. Returns net of a 0.07% monthly calculation fee.



Source: Bloomberg

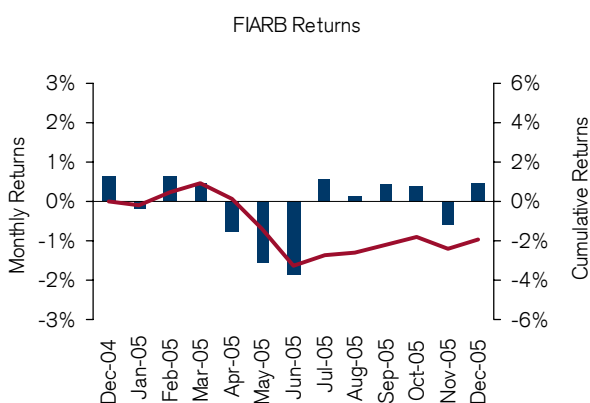
Long/Short Equity

The Long/Short Equity sector of INVX was up +4.38% net in 2005. At the end of the period, the strategy was comprised of three U.S. diversified managers and three managers with a global diversified focus. With regard to the first quarter, managers commented that the period was marked by difficulties on the short side of their portfolios, as managers positioned themselves defensively amidst a decline in several U.S. equity markets, flat returns in Asian equity markets, and positive returns in European equity markets, a notable exception. During the second quarter, managers reported the majority of their gains coming from their long portfolios. The best performing U.S. manager of the first half of the year commented that its top performing sectors were retail, consumer goods & services, telecommunication services, and natural resources. Managers have had a diversified opportunity set so far in 2005, with a wide range of returns from individual sectors. In the third quarter of 2005, manager returns ranged from slightly negative to low double-digit positive returns. Most of the Long/Short Equity managers that comprise the overall strategy are invested in equities across the globe. In the third quarter, investments outside of the U.S. tended to be the drivers of performance. The overall performance of U.S. equity markets during the quarter was relatively muted when compared to European and Asian equity markets. A specific manager commented that long investments in Japanese equities tended to contribute positively to overall performance as Japan began to resolve itself of a protracted deflationary environment. (The Nikkei was up +17% in local currency during the third quarter.) Another manager also commented that non-U.S. equities were generally a source of profits and that profits were generally attributable to the long side of their portfolio. In terms of sectors, managers commented that portfolios profited from investments in financials, cyclical/industrials, media & telecom and energy. In the fourth quarter, managers tended to have negative performance in October followed by positive returns in November and December. October was a challenging month for many Long/Short Equity managers due to sharp reversals in many energy related investments. Beginning September 1, the price of oil reversed and subsequently declined for the remainder of the year, with the exception of a spike at the end of December. Managers who performed well in the fourth quarter generally did so because of equity investments in Asia. The Nikkei 225 was up approximately 19% in the fourth quarter. Japanese financials were a particularly strong sector of positive contribution for overall returns. In its fourth quarter letter, the manager with the largest capital allocation of the strategy commented that it intends to decrease its portfolio's total number of positions and increase the weighting of its portfolio's average position size.

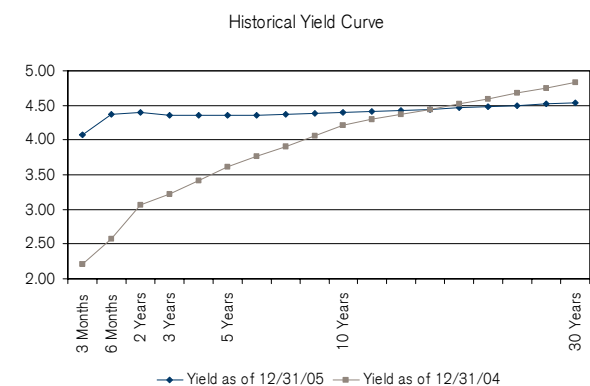


Fixed Income Arbitrage

Strategy Performance for 2005: -1.93% net
 Weight in % of INVX as of December: 14.0%
 Months with Positive Performance in 2005: 7
 Months with Negative Performance in 2005: 5



Source: Credit Suisse Tremont Index LLC. Returns net of a 0.07% monthly calculation fee.



Source: Bloomberg

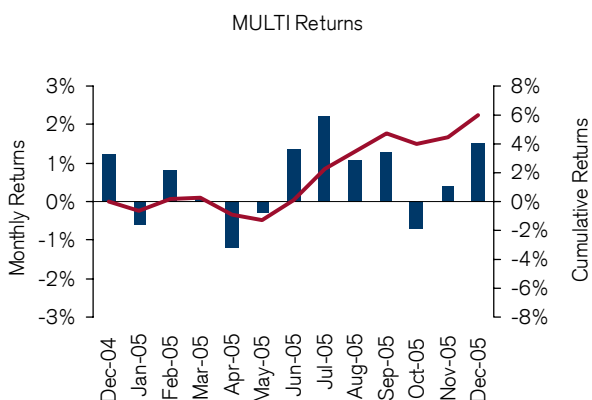
Fixed Income Arbitrage

The Fixed Income Arbitrage sector of INVX was down -1.93% net in 2005. The majority of the loss sustained during the first six months of the year was attributable to a single manager. This manager suffered a significant decline during the months of April and May, primarily due to it is more directionally-oriented positions. However, those losses and the associated positions did not breach any of the manager's risk or stop-loss guidelines. Performance of the other Fixed Income Arbitrage managers in the strategy was generally positive during this period. Market neutral or "arb" managers generally profited from basis trades, curve shape trading and swap spread strategies. The more directionally-oriented managers were profitable from curve flattening trades, long European vs. short U.S. bonds and outright shorts in short-dated U.S. bonds (among other trading strategies). In the third quarter of 2005, manager returns ranged from slightly negative to mid single-digit positive returns. The best performing manager of the strategy during the third quarter tends to be directionally oriented. Directionally oriented managers generally profited from inter-country spread trades, especially short U.S. bonds versus long positions in various European bonds. The third quarter was a somewhat uneventful period for market neutral or "arbitrage" managers as volatility of rates and spreads were generally low (except for a brief period around the time of Hurricanes Katrina and Rita). The sole manager of the strategy with a focus on mortgage backed securities (MBS) registered the only negative return for the third quarter. Closer to the end of the period, Hurricanes Katrina and Rita in the U.S. caused many managers to moderately reduce risk as they attempted to anticipate what impact the environmental disasters would have on national economies and central bank policy makers. In the fourth quarter, the performance of the overall strategy was relatively muted. Managers continued to be challenged by a flat yield curve (see bottom left graph). In addition, volatility remained low relative to historical measures. Directionally oriented managers struggled to find opportunities as markets failed to produce any significant swings in directionality. Market neutral managers generally gained from trading the shape of the yield curve, mortgage backed securities, and swap spread trading. Detractors from performance generally included strategies related to duration and curve steepeners.



Multi-Strategy

Strategy Performance for 2005: +6.02% net
 Weight in % of INVX as of December: 13.9%
 Months with Positive Performance in 2005: 8
 Months with Negative Performance in 2005: 4



Source: Credit Suisse Tremont Index LLC. Returns net of a 0.07% monthly calculation fee.

In 2005, Multi-Strategy managers generally benefited from trading in energy and direct investments in commodities. In addition, managers tended to increase their exposure to non-traditional strategies.

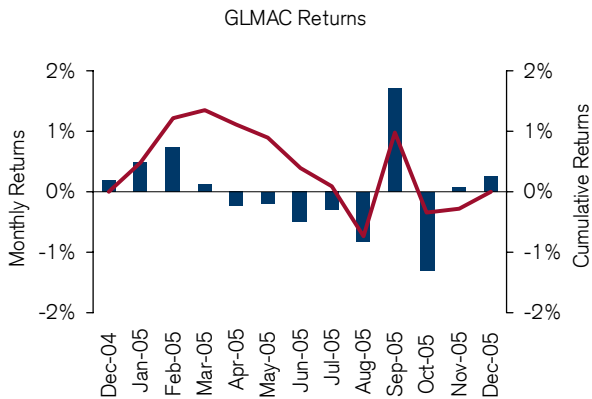
Multi-Strategy

The Multi-Strategy sector of INVX ended 2005 up +6.02% net. The strategy ended the first half of the year almost flat. Though many managers had been reducing exposure to convertible arbitrage through the first quarter of the year, managers still incurred losses through their remaining exposure to the strategy as convertible markets experienced a massive sell-off in the spring. The U.S. convertible market in particular was plagued by a cycle of selling pressure leading to redemptions, leading to more selling pressure. Managers focused on diversification, attempting to generate returns across their strategies, as no particular strategy seemed to outperform through the first half of the year. The end of the first half of the year signaled a turnaround, as credit spreads stabilized, and tightened through June, and credit-related strategies tended to rebound. Many managers stepped in as buyers of convertibles in May and June, as the sell-off produced some attractive opportunities in the space. Overall, the third quarter was the best performing quarter for the strategy in 2005. Market conditions were generally favorable throughout the period, and many managers noted that most if not all of their strategies were working well. In particular, energy, credit, equity restructuring, and tactical asset allocation models exhibited strong performance. Some managers also note that they have been increasing their exposure to non-traditional strategies, such as direct lending, illiquid assets and reinsurance. The beginning of the fourth quarter began with a difficult market environment for most managers, and most experienced a slight pullback. Many markets experienced reversals as investors' risk appetites declined through the month, and November experienced some technical selling as funds approached their end of year redemption notice periods. However, the markets turned around in November, and the fourth quarter ended on a strong note. Managers saw positive contributions coming from most of their strategies, including credit strategies, energy trading, merger arbitrage strategies, long/short equity strategies, and their convertible arbitrage allocations.

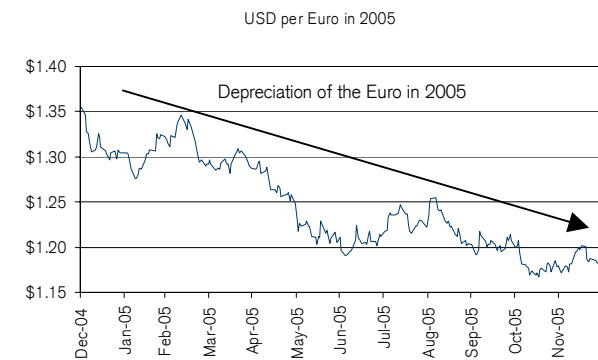


Global Macro

Strategy Performance for 2005: -0.01% net
 Weight in % of INVX as of December: 10.9%
 Months with Positive Performance in 2005: 6
 Months with Negative Performance in 2005: 6



Source: Credit Suisse Tremont Index LLC. Returns net of a 0.07% monthly calculation fee.



Source: Bloomberg

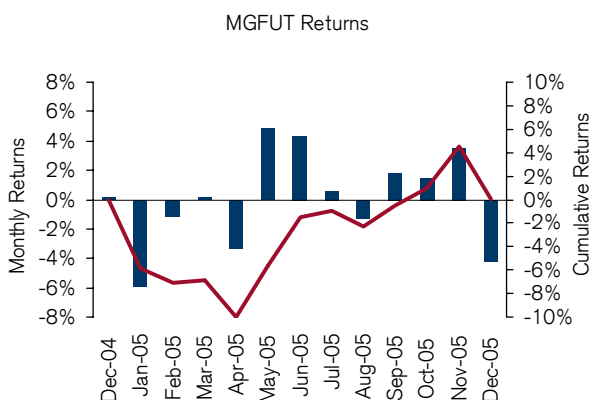
Global Macro

The Global Macro sector of INVX was down -0.01% net in 2005. In the first half of the year, classic macro managers that ran more concentrated books and traded longer-term themes generally fared worse than diversified macro managers. The foreign exchange market, traditionally a core profit center for macro managers, was generally a detractor from performance. Bond trading was generally a positive contributor to performance during the first quarter. In the second quarter, bonds rallied sharply and managers with short bond positions were hurt. Some profitable trades involved short positions in the front end of the U.S. yield curve, betting on continued shorter-term strength in the economy and corresponding interest rate hikes. Other markets, like longer-dated bonds in Europe and Japan, were rather choppy and difficult to trade. Many managers had short positions in longer-dated Japanese government bonds, positioning for improved growth and the possible abandonment of the zero-interest rate policy. These bonds rallied during the first half of the year and exhibited a lot of noise and reversals that tended to trigger costly stops and re-entries. In the third quarter, manager returns ranged from slightly negative to low single-digit positive returns. Generally, managers were able to profit from higher energy price levels, but increased short-term volatility created challenges. The depreciation of the Yen versus the Euro and the USD was costly as many managers expected the strong Japanese growth story to push the Yen higher relative to the weaker growth story in Europe. Prior to 2004, several managers were short the USD and benefited from that trend as the Euro rose significantly. However, throughout most of 2005, the Euro has weakened significantly and managers who continued to hold those positions endured losses. In terms of fixed income, near the end of the third quarter, several managers were short U.S. bonds in the aftermath of Hurricane Katrina as they expected a large sell-off on behalf of insurance companies and the U.S. government. Generally this trade proved to be profitable. Long positions in emerging markets securities were also positive contributors to the quarter's performance. In the fourth quarter, global macro managers generally declined largely due to the negative returns registered in October. Several profitable themes reversed course. Currencies generally detracted from performance as many managers rotated their positions from short the USD to short the Euro and long the Yen. The Euro's subsequent out-performance of the Yen in October proved costly for many managers. Equities was one of the few profitable sectors as most managers saw a constructive growth and economic landscape for global equity markets, especially Japan. Global Macro managers were relatively flat in November and generally positive in December as many managers were long equity indices in Europe and Japan which registered positive returns.



Managed Futures

Strategy Performance for 2005: +0.10% net
 Weight in % of INVX as of December: 9.8%
 Months with Positive Performance in 2005: 7
 Months with Negative Performance in 2005: 5

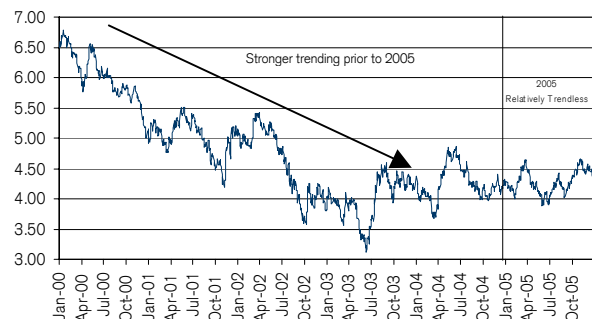


Source: Credit Suisse Tremont Index LLC. Returns net of a 0.07% monthly calculation fee.

Managed Futures

The Managed Futures sector of INVX was up +0.10% net in 2005. The overall strategy generated negative returns for the first two months of the year. Overall performance during this period was significantly impacted by the manager with the second largest capital allocation. In the first four months of the year, this manager was down approximately -28%. This manager is classified under the substrategy of trend following. Trend following managers generally target relatively high levels of volatility. This manager's negative performance was primarily due to sharp reversals in a variety of currency and energy markets. Prior to 2005, many trend following managers were short the USD, which proved a profitable trade as currencies like the Euro appreciated versus the dollar for several years. Then, near the end of 2004 and early in 2005, the USD reversed course and began to appreciate versus the Euro. Shortly thereafter, the USD declined again for several weeks, but subsequently recovered in late February and early March. During this brief period, many trend following managers were stopped out of their short USD trade. For the remainder of the year, the USD appreciated versus major currencies such as the Euro and Yen. Because of the lack of a consistent trending in the beginning of the year, several managers did not adjust their positioning to go short the Euro and the Yen versus the USD. Commodity trading in general contributed strongly to profits. Managers were generally trading commodities, such as crude oil from the long side. Like most markets, crude oil prices have experienced high volatility and several trend reversals, the largest of which began in early September. This has made for a challenging trading environment in many of the actively traded futures contracts. In the third quarter, five of the six managers generated a positive return for the quarter. A significant level of bullish sentiment and price action with regard to global equity indices caused many of the trend following managers to enter the third quarter positioned significantly long. Throughout the third quarter, several global equity indices continued that positive trend and this was one of the primary sources of profits for managed futures managers during the third quarter. In the wake of Hurricane Katrina, energy prices continued to be strong and benefited most managers. Currencies were mixed as the USD proved to be somewhat volatile and rather trend-less, especially versus the Euro. (This was a reversal of a year-to-date trend of significant depreciation of the Euro versus the USD). Fixed income strategies tended to deliver mixed returns and generally lacked trends (see lower left graph). In the fourth quarter, October's performance was positive, despite weak markets. In November, global equity markets rallied back, making a significant contribution to the strategy's positive performance for the quarter. In December, foreign exchange and fixed income trading generally led to losses as they traded against their longer-term trends.

Historical Yield of U.S. Ten-Year Treasury Note

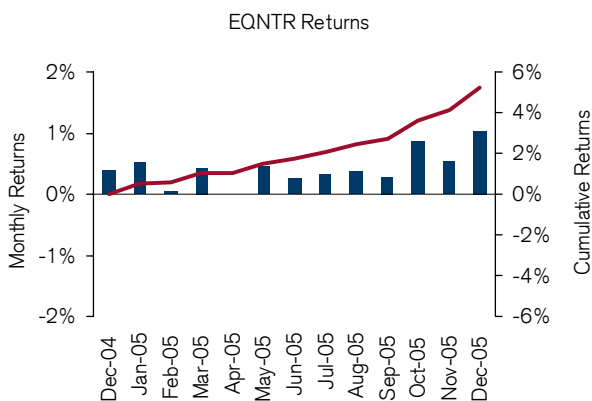


Source: Bloomberg



Equity Market Neutral

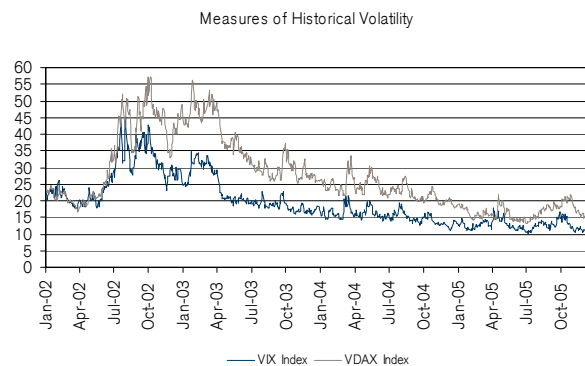
Strategy Performance for 2005: +5.23% net
 Weight in % of INVX as of December: 9.3%
 Months with Positive Performance in 2005: 12
 Months with Negative Performance in 2005: 0



Source: Credit Suisse Tremont Index LLC. Returns net of a 0.07% monthly calculation fee.

Equity Market Neutral

The Equity Market Neutral sector of INVX was up +5.23% net in 2005. The first half of 2005 was characterized by universally weak markets impacted by high factor rotation, price reversals, and mean reversion. Managers noted a sharp reversal in March as volatility began to rise and correlation retracted; and a sharp divergence between defensive larger-cap and more speculative smaller-cap equities benefited many quantitative managers. Another positive contributor was an increase in global volume, as the level of uninformed trading tends to rise with greater volume, thereby providing opportunities for mean reversion models. The third quarter of 2005 proved to be a strong period for equity market neutral managers. Overall, growth factors outperformed value factors, in a reversal from the second quarter. Low correlation in the markets contributed to a good environment for the strategy, as managers were able to profit from idiosyncratic stock movements. In terms of regions, Japan was a particular area of strength for many global managers as volatility and trading volumes picked up significantly by the end of September. In the U.S. and Europe, volatility remained compressed, while trading volumes were relatively stable. Managers commented that a few themes worked for them over the quarter. The last quarter of the year was somewhat of a continuation of the third quarter's trends, as growth continued to drive performance. Although levels of both realized and implied volatility fell through the quarter, with the VIX (Chicago Board Options Exchange SPX Volatility Index) hitting 10.15 in mid-December from a high of 17.19 in mid-October, idiosyncratic volatility seemed to be on the rise in most regions, as investors focused on stock fundamentals rather than macro events. Trading volumes in the U.S. remained relatively stable, while volumes in Europe and Asia ex-Japan seemed to come down slightly. Trading volumes in Japan continued to be robust. Managers with slight sector biases continued to outperform sector-neutral managers through the end of the year, with particularly strong performance coming from net long positions in healthcare and energy sectors. Throughout the year, managers saw good performance from their earnings expectations models, as earnings trends were stable over the year. There was also more liquidity, which benefited performance overall, but signified more competition from other firms. Overall, the equity market neutral strategy experienced relatively consistent returns through most of the year, and ended 2005 with solid performance.

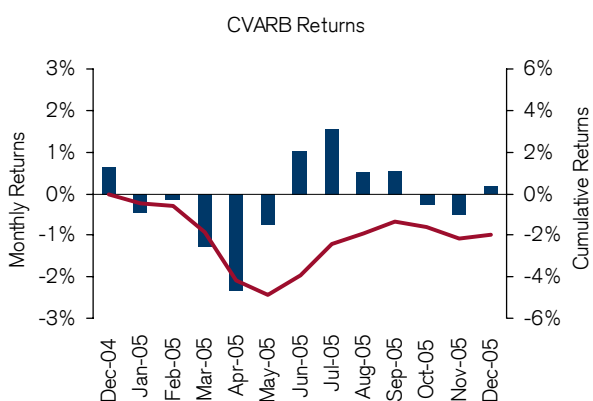


Source: Bloomberg

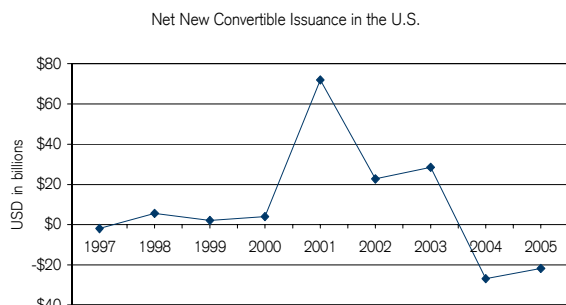


Convertible Arbitrage

Strategy Performance for 2005: -1.96% net
 Weight in % of INVX as of December: 4.2%
 Months with Positive Performance in 2005: 5
 Months with Negative Performance in 2005: 7



Source: Credit Suisse Tremont Index LLC. Returns net of a 0.07% monthly calculation fee.



Source: Merrill Lynch Convertible Research

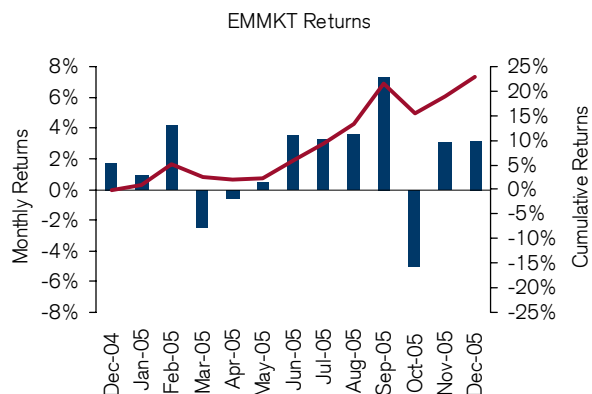
Convertible Arbitrage

The Convertible Arbitrage sector of INVX was down -1.96% net in 2005. The spring of 2005 was what many believe to be the worst period in the history of convertible arbitrage since 1994. Actual and rumored investor redemptions were the prevailing theme throughout the period, which led to technical selling, leading to more redemptions in a vicious downwards spiral. Though net new issuance was negative (due to bond calls), the overall decline in demand for convertibles far outpaced the decline in supply. Numerous funds were forced to liquidate amidst poor performance and investor redemptions. Despite a brief up-tick in equity market volatility, convertible implied volatility was compressed by the selling. The few new issues that were priced throughout most of the period did not trade well and may have left dealers with overhangs on their books. The market hit the bottom in mid-May, as some buyers finally stepped back into the markets and managers were able to begin making up their losses. As the markets stabilized, valuations picked up and richened through the third quarter, mainly driven by demand as buyers returned to the market. Lower quality names and hybrid trades saw the best performance over the period, with names in the energy, technology, and biotech sectors making the strongest comeback. Although volatility was relatively compressed overall, with the VIX (Chicago Board Options Exchange SPX Volatility Index) hitting single digits in July, realized volatilities spiked significantly towards the end of September, especially in Japan. Managers with exposure to Japan generally reaped the benefits. The convertible market continued to shrink through the period with net redemptions of convertible issues. New issuance was weak, and most deals that were issued were too small for managers to participate. Funds experienced selling pressure in October and November as managers approached their redemption notice periods before year-end. Managers took advantage of cheapness in the low grade space and profited from certain special situations/event-driven names. The Japanese convertible markets continued to perform well, driven mainly by the equity rally, and the spike in realized volatility across most issues. The year ended on a strong note as fears of redemptions subsided and the markets showed a marked increase in new issuance. Issuers brought over \$13 billion of paper to the market globally, with \$8 billion of that in the U.S., making December the best month of new issuance in over two years, though net new issuance remains negative for the year.



Emerging Markets

Strategy Performance for 2005: +22.80% net
 Weight in % of INVX as of December: 5.5%
 Months with Positive Performance in 2005: 9
 Months with Negative Performance in 2005: 3



Source: Credit Suisse Tremont Index LLC. Returns net of a 0.07% monthly calculation fee.

Emerging Markets

The Emerging Markets sector of INVX was up +22.80% net in 2005. Emerging Markets managers followed a strong fourth quarter of 2004 with positive performance in the first two months of 2005. However, many managers gave back gains in the next two months as Federal Reserve comments, downgrades in the U.S. auto market (which generally trades in tandem with Emerging Markets sovereign bonds) and technical reactions led to a quick sell-off in emerging market equities and bonds. Managers with a long bias were caught off guard and many pared back positions into a weak market. Most managers viewed March's sell-off as driven more by technical reactions than fundamentals. While Emerging Markets as a whole remained leveraged to U.S. interest rates, managers noted that many countries were much less exposed than they have been during previous cycles and therefore shouldn't react as violently as they did in reaction to interest rate moves. Broad Emerging Markets rallies in May and June, especially in equities, were fueled by positive sentiment among investors seeking higher yielding assets than those found in developed markets. During the upturn, many managers increased risk in their portfolios due to the improving technical picture which validated their bullish fundamental views. The third quarter was the best performing quarter of the year for the Emerging Markets sector, up +14.82% net. Emerging Markets managers that dedicated a sizeable portion of their portfolios to equities generally outperformed. Emerging Markets fixed income issues also tended to outperform U.S. investment grade and high yield markets during the third quarter. At the beginning of the fourth quarter, all six Emerging Markets managers posted losses in October as Emerging Markets equities experienced significant drawdowns during the month. Profit taking from September's rally and inflation worries were cited by some managers as the main reasons for the poor performance experienced in October. Managers that dedicated a sizeable portion of their portfolios to equities were generally able to bounce back in November however as emerging markets equities rallied during the month. The MSCI Emerging Markets Index was up +7.3% for the month and areas of particular strength included Russia (Credit Suisse ROS Index up +8.3%), India (MSCI India Index up +11.8%), and Turkey (MSCI Turkey Index up +19.8%). The rally continued into December as markets continued to cite positive fundamental developments for the attractiveness of emerging markets. The average rating of sovereign credits that comprise the EMBI Global index is now BB+ (just one level below investment grade). Other positive news is that some countries have already pre-financed their 2006 fiscal expenses and that many sovereigns continue to develop their local currency denominated markets.

2005 Emerging Markets Equity Index Performance

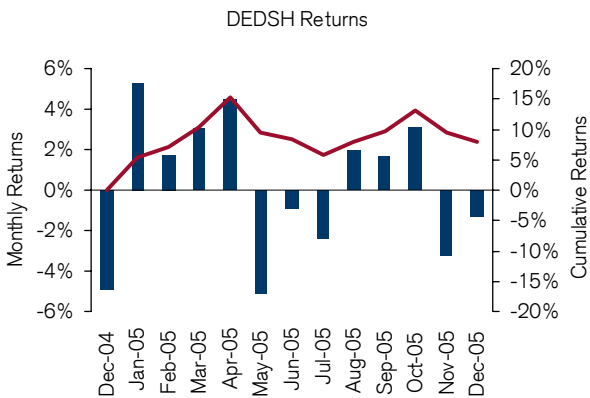
MSCI EM Asia	23.54%
Bovespa (Brazil)	27.71%
MSCI Emerging Markets	30.31%
NIFTY (India)	36.34%
MSCI EM Latin America	44.92%
MSCI EM Eastern Europe	46.10%
KOSPI (South Korea)	53.96%
RTSI (Russia)	83.29%

Source: MSCI, simple price appreciation during 2005; Bloomberg

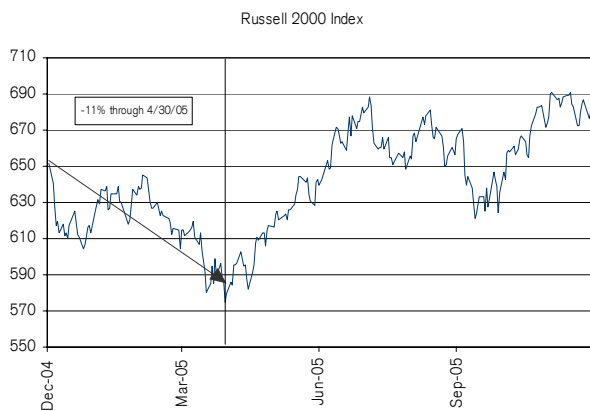


Dedicated Short Bias

Strategy Performance for 2005: +8.04% net
 Weight in % of INVX as of December: 1.9%
 Months with Positive Performance in 2005: 7
 Months with Negative Performance in 2005: 5



Source: Credit Suisse Tremont Index LLC. Returns net of a 0.07% monthly calculation fee.



Source: Bloomberg

Dedicated Short Bias

The Dedicated Short Bias sector of INVX was up +8.04% net in 2005. Managers in the Dedicated Short Bias strategy tend to focus on stock specific fundamentals with the hope of identifying weak companies whose share price will ultimately be negatively impacted. The large single-digit positive return generated in 2005 follows two consecutive calendar years of negative returns for the overall strategy. In the context of their investment horizon, managers have commented that in some instances, it may take a considerable amount of time for an investment idea to realize its perceived underlying value. For example, a manager commented that some of the short positions that have been profitable in 2005 were held for several years prior to having a positive impact on 2005 performance. Dedicated Short Bias managers often rely upon their research processes and have strong conviction when it comes to identifying investment ideas. The majority of the overall strategy return for 2005 was generated in the first four months of the year. During this period, the Dedicated Short Bias portion of the INVX was up approximately +15%. Managers generated profits from short investments across a variety of sectors including biotechnology, technology and financials. In addition to a focus on stock specific fundamentals, Dedicated Short Bias managers also tend to concentrate on small-cap and technology related equities. In the second quarter, small-cap equity and technology equity indices rallied significantly. This was also the period in which Dedicated Short Bias managers encountered the most difficulty. This resulted in the overall strategy generating a negative return for the second quarter. In the third quarter of 2005, the performance of the overall strategy was primarily driven by the manager with the largest capital allocation, which generated the largest positive return for the quarter. In line with this manager's results, the overall strategy posted a positive return for the third quarter. In the fourth quarter, Dedicated Short Bias managers performed well in October, however, during the months of November and December, the overall strategy registered negative returns. This led to a negative fourth quarter return for the overall strategy.



IMPORTANT NOTES

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Please note that the availability to invest with these managers is uncertain and is subject to change, at any time without prior notice. This information reflects the benefit of hindsight, and is not indicative of future performance. There can be no assurances that the underlying hedge fund managers will meet their investment objectives.

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INDEX DEFINITIONS:

"INVX" - Credit Suisse/Tremont Investable Hedge Fund Index

"HFRX" – Hedge Fund Research HFRX U.S. Global Hedge Fund Index

"S&P" – S&P Hedge Fund Index

"DJHF" – Dow Jones Hedge Fund Balanced Portfolio-AX

"FTSE" – FTSE Hedge Index USD

"MSCI" – MSCI Hedge Invest Index