

Key Program Facts

- In the first quarter the fund held cash awaiting an opportunity to employ it.
- The first quarter resulted in an overall loss of -1.45% this was offset by carried forward unallocated profits. The board made no loss allocation for the quarter.
- In the second quarter the fund continued to hold large cash positions. A particular investment in the quarter yielded significant returns. The effect of this was to produce a positive return of 2.41%.
- A partial loan repayment occurred at end June reducing the amount of loan and reinvestment. The level of gear was thus reduced to \$1 of loan to \$5 of security. The fund has maintained this defensive position throughout the period.

Performance	
Seven months to 31 Dec 2005	3.17% (annualized)
Calendar year 2006	3.6%
Calendar year 2007	4.22%
First quarter 2008	-1.45%
Second quarter 2008	2.41%

Based on profit generated per average borrowing level. All participant experiences will be different.

Investment Holdings

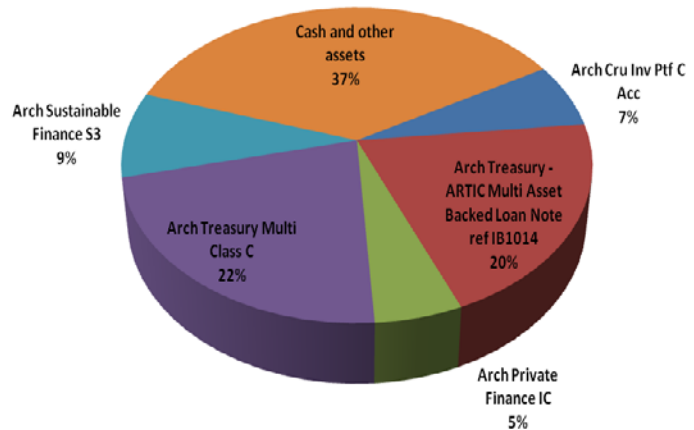
In the March bulletin we reported on the large cash holdings following the equity sale. This defensive position continued until June when a significant part of the loan was repaid. The loan ratio has remained at a reduced level since then (1:5). This reduced exposure remains a short term tactic to reduce the impact of negative investment performance during extreme times.

Within the portfolio, the fund had the opportunity to invest 10% in an 18% coupon asset backed security which provided a capital gain and produced a lift at the end of the second quarter. This is reflected in the July 08 chart on the right; this structure has remained unaltered in the third quarter. Two of the funds' directors have also invested into this offering in order to get it started.

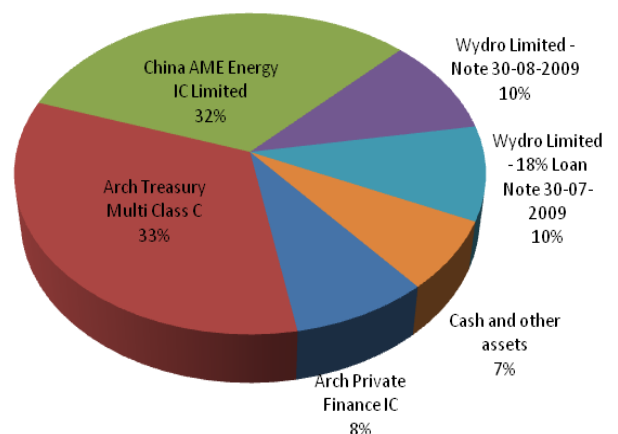
The global downturn has resulted in client assignments dropping in value. From the Program's perspective the intake of new business, top-up's and savings plans has led to a continuing increase in the security provided by assignments.

The Program has not made any significant currency plays in the year, choosing to match loan currencies to investment currencies. In the fourth quarter the fund plans to increase the loan again back to normal (although still conservative) Program levels.

March 08 Program Portfolio



July 08 Program Portfolio



Lending

The Program is changing its lending arrangements. Rather than one lender there will be a number of different lending entities. This reduces reliance on the relationship with a single entity. Further details on this will be posted shortly. The other lenders being considered are all mainstream, well known brands.

Performance Summary

We are delighted to be able to report consistent positive performance from the Program supplementing and diversifying our client's assignments return. We expect a slight loss in the third quarter, but are expecting a return to positive returns by the end of the year. We thank all our clients for their support and we look forward to continuing to deliver strong supplemental returns to their investments in the future, regardless of market conditions.

Important Note

The Program return is not guaranteed. Investments made can go down as well as up. Your Assigned Asset is part of the security provided to the bank to support the loan and reinvestment made by the Program. As such, you may not get back the full value of your Assigned Asset on exit from the Program. This document summarises aspects of, and is not a substitute for, the Offering Document. Neither the Company nor the Program is subject to any form of regulation or approval in the Isle of Man and participants are not protected by any statutory compensation arrangements in the event of the Company's failure. The Isle of Man Government Financial Supervision Commission does not vouch for the financial soundness of the Company or for the correctness of any statements made or opinions expressed with regard to the Company or the Program. The Program constitutes an "experienced investor fund" and complies with the requirements of the Financial Supervision (Experienced Investor Fund) (Exemption) Order 1999 of the Isle of Man.