CARITAS ROYALTIES FUND II (BERMUDA) LTD.
AND SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2009

CARITAS ROYALTIES FUND II (BERMUDA) LTD. AND SUBSIDIARY

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INDEPENDENT AUDITORS' REPORT

To the Shareholders and Board of Directors of
Caritas Royalties Fund II (Bermuda) Ltd.

We have audited the accompanying consolidated statement of assets and liabilities of Caritas Royalties Fund II (Bermuda) Ltd. and Subsidiary (collectively the "Fund"), including the consolidated schedule of investments, as of December 31, 2009, and the related consolidated statements of operations, changes in net assets and cash flows for the year then ended. These consolidated financial statements are the responsibility of the management of the Fund. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Caritas Royalties Fund II (Bermuda) Ltd. and Subsidiary as of December 31, 2009, and the results of their operations, changes in their net assets and their cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Rothstein, Kass & Company, P.C.

Irvine, California
April 22, 2010

CARITAS ROYALTIES FUND II (BERMUDA) LTD. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES
(Expressed in United States Dollars)

December 31, 2009

Assets	
Note receivable from Royalty Repository, at fair value	$ 16,951,809
Cash	267,823
Other	19,066
Total assets	17,238,698
Liabilities	
Redemptions payable	1,004,864
Accrued expenses	106,759
Management and performance fee payable	25,359
Total liabilities	1,136,982
Net assets	16,101,716
Less: Attributable to Founder Shares	12,000
Net assets attributable to investor shares	$ 16,089,716

See accompanying notes to the consolidated financial statements.

CARITAS ROYALTIES FUND II (BERMUDA) LTD. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF OPERATIONS

(Expressed in United States Dollars)

Year Ended December 31, 2009

Investment income	
Interest income on note receivable from Royalty Repository	$ 2,064,036
Interest income on note receivable from Cornerstone	29,584
Other interest	370
Total investment income	2,093,990
Expenses	
Management fee	162,802
Professional fees	140,563
Performance fee	2,606
Administrative fees and other expenses	170,826
Total expenses	476,797
Net investment income	1,617,193
Realized and unrealized gain (loss) on investments	
Net realized gain on swap contract with Cornerstone	12,969,692
Net change in unrealized appreciation (depreciation) on swap contract with Cornerstone	(17,610,212)
Net loss on investments	(4,640,520)
Net change in net assets resulting from operations	$ (3,023,327)

See accompanying notes to the consolidated financial statements.

CARITAS ROYALTIES FUND II (BERMUDA) LTD. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS
(Expressed in United States Dollars)

Year Ended December 31, 2009	
Operations	
Net investment income	$ 1,617,193
Net realized gain on swap contract with Cornerstone	12,969,692
Net change in unrealized appreciation (depreciation) on swap contract with Cornerstone	(17,610,212)
Net change in net assets resulting from operations	(3,023,327)
Capital share transactions	
Issuance of shares	5,365,000
Redemption of shares	(12,017,650)
Net change in net assets resulting from capital share transactions	(6,652,650)
Net change in net assets	(9,675,977)
Net assets, beginning of year	25,777,693
Net assets, end of year	$ 16,101,716

See accompanying notes to the consolidated financial statements.

CARITAS ROYALTIES FUND II (BERMUDA) LTD. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF CASH FLOWS
(Expressed in United States Dollars)

Year Ended December 31, 2008

Cash flows from operating activities	
Net change in net assets resulting from operations	$ (3,023,327)
Adjustments to reconcile net change in net assets resulting from operations to net cash provided by operating activities:	
Net realized gain on swap contract with Cornerstone	(12,969,692)
Net change in unrealized (appreciation) depreciation on swap contract with Cornerstone	17,610,212
Interest income accrued on note receivable from Royalty Repository	(2,072,683)
Interest income on note receivable from Cornerstone repaid by issuance of note receivable from Royalty Repository	(29,584)
Changes in operating assets and liabilities:	
Proceeds on repayment of swap contract from Cornerstone	1,420,417
Proceeds on repayment of note receivable from Royalty Repository	11,030,131
Other assets	(7,046)
Accrued expenses	(38,351)
Management and performance fee payable	(988,324)
Net cash provided by operating activities	10,931,753
Cash flows from financing activities	
Proceeds from issuance of shares, net of change in subscriptions received in advance	115,000
Payments for redemption of shares, net of change in redemptions payable	(16,033,815)
Net cash used in financing activities	(15,918,815)
Net change in cash	(4,987,062)
Cash, beginning of year	5,254,885
Cash, end of year	$ 267,823
Supplemental disclosure of noncash activities	
Swap contract and note receivable from Cornerstone repaid by issuance of note receivable from Royalty Repository	$ 25,909,253

See accompanying notes to the consolidated financial statements.

CARITAS ROYALTIES FUND II (BERMUDA) LTD. AND SUBSIDIARY

CONSOLIDATED SCHEDULE OF INVESTMENTS
(Expressed in United States Dollars)

December 31, 2009

		Principal Amount	Percentage of Net Assets		Fair Value
Note receivable from Royalty Repository, at fair value					
United States					
Oil and Energy					
Royalty Repository II, LLC	$	14,879,126	105.3 %	$	16,951,809

See accompanying notes to the consolidated financial statements.

1. Nature of operations and summary of significant accounting policies

Nature of Operations

Caritas Royalties Fund II (Bermuda) Ltd. and Subsidiary (collectively the "Fund") was incorporated in Bermuda as an open-ended mutual fund company on May 13, 2005. The shares of the Fund are listed on the Bermuda Stock Exchange. Refer to the Fund's prospectus for more information.

The Fund entered into a total return swap agreement with Cornerstone Acquisition & Management Company LLC ("Cornerstone") in order to receive profits based on Cornerstone's investment in Royalty Repository II, LLC ("Royalty Repository"). Cornerstone's investment in Royalty Repository was initially financed by the Fund through a registered note receivable between the Fund and Cornerstone dated September 2, 2005. In June 2009, the Fund settled the total return swap agreement and note receivable with Cornerstone and used the proceeds to purchase 100% of the shares outstanding of Cornerstone Olaj North Korlátolt Felelősségű Társaság ("Cornerstone Olaj North"), a Hungarian limited liability company, a related party. Cornerstone Olaj North provided a subordinated note to Royalty Repository with the capital proceeds. See Note 3.

The Fund's investment objective is to receive profits derived from royalty income from a diversified portfolio of United States oil and gas royalty interests ("Royalty Interests") owned by Royalty Repository. Royalty Interests are contractual rights to receive a fixed percentage of production revenues from crude oil and natural gas properties which are owned and operated by third parties. The Fund derives profits from Royalty Repository's investments in Royalty Interests through the fixed and contingent interest it receives from its note receivable from Royalty Repository and previously through its total return swap agreement and note receivable with Cornerstone.

Centaur Performance Group (Bermuda) Ltd. (formerly Argent Financial Group (Bermuda) Ltd.) is the manager of the Fund ("Manager") and a related party to Cornerstone. Cornerstone is the investment consultant to the Manager ("Investment Consultant"). Cornerstone is also the manager of Royalty Repository.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Caritas Royalties Fund II (Bermuda) Ltd. and the accounts of Cornerstone Olaj North, its wholly owned subsidiary. Intercompany transactions and balances have been eliminated in consolidation.

Basis of Presentation

The consolidated financial statements are expressed in United States dollars and have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP").

These consolidated financial statements were approved by management and available for issuance on April 22, 2010. Subsequent events have been evaluated through this date.

Valuation of Note Receivable and Swap Contract at Fair Value - Definition and Hierarchy

In accordance with GAAP, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date.

1. Nature of operations and summary of significant accounting policies (continued)

Valuation of Note Receivable and Swap Contract at Fair Value - Definition and Hierarchy (continued)

In determining fair value, the Fund uses various valuation approaches. In accordance with GAAP, a fair value hierarchy for inputs is used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Fund. Unobservable inputs reflect the Fund's assumptions about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 - Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Fund has the ability to access. Valuation adjustments and block discounts are not applied to Level 1 investments. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these investments does not entail a significant degree of judgment.

Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The availability of valuation techniques and observable inputs can vary from investment to investment and is affected by a wide variety of factors including, the type of investment, whether the investment is new and not yet established in the marketplace, and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Those estimated values do not necessarily represent the amounts that may be ultimately realized due to the occurrence of future circumstances that cannot be reasonably determined. Because of the inherent uncertainty of valuation, those estimated values may be materially higher or lower than the values that would have been used had a ready market for the investments existed. Accordingly, the degree of judgment exercised by the Fund in determining fair value is greatest for investments categorized in Level 3. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement in its entirety falls, is determined based on the lowest level input that is significant to the fair value measurement.

Fair value is a market-based measure considered from the perspective of a market participant rather than an entity-specific measure. Therefore, even when market assumptions are not readily available, the Fund's own assumptions are set to reflect those that market participants would use in pricing the asset or liability at the measurement date. The Fund uses prices and inputs that are current as of the measurement date, including periods of market dislocation. In periods of market dislocation, the observability of prices and inputs may be reduced for many investments. This condition could cause an investment to be reclassified to a lower level within the fair value hierarchy.

1. Nature of operations and summary of significant accounting policies (continued)

Valuation Techniques

Note Receivable from Cornerstone

Fair value of the note receivable approximates the sum of the principal balance and interest receivable on the note receivable. The note receivable is a limited recourse note whereby Cornerstone's liability under the note receivable is limited to the value of Cornerstone's membership interest in Royalty Repository. Cornerstone's membership interest in Royalty Repository is valued utilizing the net asset valuation provided by Royalty Repository's management. The note receivable settled in June 2009 (See Note 3). The note receivable is categorized in Level 3 of the fair value hierarchy.

Swap Contract with Cornerstone

In the normal course of business, the Fund utilizes derivative financial instruments as part of its investment strategy. The total return swap contract is marked to fair value to reflect the net amount at which the swap contract would settle on the measurement date, since the contracts may be terminated at any time by either counterparty. The valuation is based on the cumulative return of Cornerstone's underlying investment in Royalty Repository net of redemptions by Cornerstone from Royalty Repository owed by Cornerstone to the Fund and a floating fee which is one month LIBOR plus 25 basis points of the notional value of the swap contract. The notional value of the swap contract approximates the cost of Cornerstone's investment in Royalty Repository. The swap contract settled in June 2009 (See Note 3). The swap contract is categorized in Level 3 of the fair value hierarchy. Realized and unrealized gains and losses on the swap contract are included in the Fund's consolidated statement of operations.

Note Receivable from Royalty Repository

Fair value of the note receivable approximates the sum of the principal balance, interest receivable on the note receivable and any principal adjustments on the note receivable (see Note 3). The note receivable is categorized in Level 3 of the fair value hierarchy.

Investment Transactions and Related Investment Income

Interest income and expense are recognized on the accrual basis as earned or incurred. Investment transactions are accounted for on a trade-date basis.

Income Taxes

Under current laws of Bermuda, the Fund is not required to pay any taxes in Bermuda on either income or capital gains. Accordingly, no provision for income taxes has been made in the accompanying consolidated financial statements. The Fund has received an undertaking from the Minister of Finance in Bermuda exempting it from any such taxes until the year 2016.

(Expressed in United States Dollars)

1. Nature of operations and summary of significant accounting policies (continued)

Income Taxes (continued)

In accordance with GAAP, the Fund is required to determine whether a tax position is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The Fund is subject to income tax examinations by major taxing authorities for all tax years since inception. The tax benefit recognized is measured as the largest amount of benefit that has a greater than fifty percent likelihood of being realized upon ultimate settlement. De-recognition of a tax benefit previously recognized results in the Fund recording a tax liability that reduces net assets. This policy has been applied to all existing tax positions upon the Fund's initial adoption for the year ended December 31, 2009. Based on its analysis, the Fund has determined that the adoption of this policy did not have a material impact on the Fund's consolidated financial statements upon adoption. However, the Fund's conclusions regarding this policy may be subject to review and adjustment at a later date based on factors including, but not limited to, on-going analyses of and changes to tax laws, regulations and interpretations thereof. The Fund recognizes interest and penalties accrued related to unrecognized tax benefits in income tax fees payable, if assessed. No interest expense or penalties have been recognized as of and for the year ended December 31, 2009.

Use of Estimates

The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions in determining the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Such estimates include the measurement of fair value of the notes receivable from Cornerstone and Royalty Repository and swap contract. Actual results could differ from those estimates.

2. Fair value measurements

The Fund's assets recorded at fair value have been categorized based upon a fair value hierarchy as described in the Fund's significant accounting policies in Note 1.

The following table presents information about the Fund's assets measured at fair value as of December 31, 2009:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of December 31, 2009
Assets				
Note receivable from Royalty Repository, at fair value	$ -	$ -	$ 16,951,809	$ 16,951,809

(Expressed in United States Dollars)

2. Fair value measurements (continued)

The following table presents additional information about Level 3 assets measured at fair value. There were no Level 3 liabilities during the year ended December 31, 2009. Both observable and unobservable inputs may be used to determine the fair value of positions that the Fund has classified within the Level 3 category. As a result, the unrealized gains and losses for assets within the Level 3 category may include changes in fair value that were attributable to both observable and unobservable inputs.

Changes in Level 3 assets measured at fair value for the year ended December 31, 2009:

	LEVEL 3					
	Beginning Balance January 1, 2009	Realized & Unrealized Gains (Losses) (a)	Purchases Sales and Settlements	Net Transfers In and/or (Out)	Ending Balance December 31, 2009	Change in Unrealized Gains (Losses) for Investments still held at December 31, 2009 (b)
Assets						
Note receivable from Royalty Repository, at fair value	$ -	$ 2,064,036	$ 14,887,773	$ -	$ 16,951,809	$ 2,064,036
Swap contract with Cornerstone, at fair value	14,352,851	(4,640,520)	(9,712,331)	-	-	-
Note receivable from Cornerstone, at fair value	17,587,757	29,584	(17,617,341)	-	-	-
	$ 31,940,608	$ (2,546,900)	$ (12,441,899)	$ -	$ 16,951,809	$ 2,064,036

(a) Realized and unrealized gains and losses are included in net loss on investments and total investment income in the consolidated statement of operations.

(b) The change in unrealized gains (losses) for the year ended December 31, 2009 for investments still held at December 31, 2009 are reflected in interest income on note receivable from Royalty Repository in the consolidated statement of operations.

3. Note receivable from Royalty Repository

The Fund through its wholly owned subsidiary, Cornerstone Olaj North, a related party, provided a subordinate note to Royalty Repository. This note receivable was issued in settlement of the swap contract and note receivable between Caritas Royalties Fund II (Bermuda) Ltd. and Cornerstone.

The note receivable bears interest as follows: (i) at a rate of two percent (2%) per annum beginning as of the date of the note receivable ("Fixed Interest"); (ii) at a floating amount equal to that portion of the gross profits of Royalty Repository for each month calculated by the ratio of the principal value of this note receivable for such month to the aggregate of (a) the principal value of this note receivable for such month and (b) the dollar amount of capital balances of the Class A Preferred Members in Royalty Repository for such month, net of the Fixed Interest component ("Contingent Interest"); and (iii) both Fixed Interest and Contingent Interest are calculated on the principal value of this note receivable and any unpaid interest.

(Expressed in United States Dollars)

3. Note receivable from Royalty Repository (continued)

Losses incurred by Royalty Repository are reflected by adjusting the principal value of the note receivable. The adjustment is calculated at an amount equal to that portion of Royalty Repository's loss for each month calculated by the ratio of the principal value of the note receivable for such month to the aggregate of (a) the principal value of the note receivable for such month and (b) the dollar amount of capital balances of the Class A Preferred Members in Royalty Repository for such month, net of the Fixed Interest component ("Principal Adjustment"). The outstanding balance on the note receivable together with the Fixed Interest, Contingent Interest and Principal Adjustment represents the fair value of the note receivable.

As of December 31, 2009, the note receivable was valued at $16,951,809, which consists of the original principal amount of $14,879,126, accrued fixed interest of $81,247 and contingent interest of $1,991,436. The note receivable matured on January 1, 2010 and has been renewed through July 1, 2010.

Royalty Repository invests in oil and gas royalty interests. As part of its investment strategy to hedge against changes in crude oil and natural gas prices, Royalty Repository also invests in total return swap contracts with an institutional counterparty. Royalty Repository values its investments in royalty interests and swap contracts at fair value. The original cost of acquisition of oil and gas royalty interests is depleted using the units-of-production method.

The following is a summary of the audited statement of financial condition and the statement of operations of Royalty Repository on GAAP basis as of December 31, 2009 and for the year then ended:

Royalty Repository II, LLC
Statement of Financial Condition
As of December 31, 2009

Assets		
Investment in oil and gas royalty interests, at fair value		
(cost $38,266,952, net of accumulated depletion of $24,177,748)	$	76,669,619
Derivative contracts, at fair value		11,049,951
Cash and cash equivalents		4,341,898
Accrued royalty income		1,170,000
Other assets		199,918
	$	93,431,386
Liabilities and members' capital		
Note payable to related party (the Fund)	$	16,951,809
Note payable		33,929,018
Capital withdrawals payable		2,040,000
Accrued expenses		172,264
Members' capital		40,338,295
	$	93,431,386

(Expressed in United States Dollars)

3. Note receivable from Royalty Repository (continued)

Royalty Repository II, LLC
Statement of Operations
For the year ended December 31, 2009

Royalties income	$	6,178,683
Interest income		29,083
Total investment income		6,207,766
Expenses		
Depletion expense		4,027,783
Interest on note payable to related party (the Fund)		2,064,036
Interest and loan fees		1,030,916
Other expenses		495,723
Total expenses		7,618,458
Net investment loss		(1,410,692)
Net change in unrealized depreciation on investments in oil and gas royalty interests		(8,166,088)
Net realized gain from derivative contracts		9,650,782
Net change in unrealized depreciation from derivative contracts		(7,108,482)
Net loss on investments		(5,623,788)
Net loss	$	(7,034,480)

Royalty Repository's investments in oil and gas royalty interests and derivative contracts, all of which are in United States, approximate 190.1% and 27.4%, respectively, of Royalty Repository's members' capital as of December 31, 2009. Royalty Repository's derivative contracts consist of total return swaps in crude oil and natural gas which approximate 6.9% and 20.5%, respectively, of Royalty Repository's members' capital as of December 31, 2009 with expiration dates ranging from January 2010 to July 2013.

Risks may arise from unanticipated movements in the fair value of the underlying investments in royalty interests by Royalty Repository and the lack of market liquidity to unwind the royalty interest positions at current fair values.

4. Concentration of credit risk

In the normal course of business, the Fund maintains cash balances in a U.S. based financial institution, which at times may exceed federally insured limits. U.S. cash accounts are guaranteed by the Federal Deposit Insurance Corporation up to $250,000 per institution. The Fund is subject to credit risk to the extent any financial institution with which it conducts business is unable to fulfill contractual obligations on its behalf. Management monitors the financial condition of such financial institutions and does not anticipate any losses from these counterparties.

The Fund, through its wholly owned subsidiary, has a note receivable from Royalty Repository which is approximately 105% of the total net asset value of the Fund as of December 31, 2009.

(Expressed in United States Dollars)

5. Capital share transactions

The authorized share capital of the Fund is 3,012,000 shares, consisting of 12,000 Founder Shares and 3,000,000 redeemable shares of $1.00 par value each (“Investor shares”). There are 2 classes of shares: Regular Class and Restricted Class NL. Shareholders who are not subject to management and performance fees are issued Restricted Class NL shares. All other shareholders are issued Regular Class shares. All of the Founder Shares have been issued to the Manager.

Investor shares are available for subscription and redemption on the first business day of each January and July at a price equal to the net asset value per share on the last business day of the preceding month. In the event that the Fund records a loss, the Fund will issue a separate series of shares on the first business day following that month to facilitate the performance fee computation. Subsequent allocations of income to the series that have loss carryforwards are based on the loss recovery method whereby losses are recovered in reverse chronological order. The new series of shares will convert into the original series on the basis of their relative net asset values when all losses allocated to the original series have been recovered.

Transactions in investor shares during the year ended December 31, 2009, and the investor shares outstanding and the net asset value (“NAV”) per share as of December 31, 2009 are as follows:

	Beginning Shares	Share Transfers/ Conversions	Shares Issued	Shares Redeemed	Ending Shares
Regular Class	116,605.71	(35,857.96)	23,827.38	(64,211.00)	40,364.13
Regular Class, July 09 Series	-	-	539.17	-	539.17
Restricted Class NL	-	35,857.96	-	-	35,857.96
	116,605.71	-	24,366.55	(64,211.00)	76,761.26

	Amounts Issued	Amounts Transferred	Amounts Redeemed	Ending Net Assets	Ending NAV Per Share
Regular Class	$ 5,265,000	$ (8,127,060)	$ (12,017,650)	$ 8,392,916	$ 207.93
Regular Class, July 09 Series	100,000	-	-	109,906	203.84
Restricted Class NL	-	8,127,060	-	7,586,894	211.58
	$ 5,365,000	$ -	$ (12,017,650)	$ 16,089,716	

Shareholders have redemption rights which contain certain restrictions with respect to rights of redemption of shares as specified in the offering memorandum.

Redemptions payable represent amounts due to shareholders based on redemption requests effective through December 31, 2009.

6. Related party transactions

The Manager is entitled to a monthly management fee at the rate of 1/12 of 1% of the Fund's net assets as determined on the first day of each month. The Manager and the Investment Consultant share the management fee under the terms of a separate agreement.

In addition, the Manager is entitled to a semi-annual performance fee equal to 20% of the Fund's semi-annual net income before management fees are deducted. No performance fee shall be earned or paid with respect to any shareholder of the Fund that has a net loss (exclusive of management fees) which has not been fully recouped. Losses carried forward are adjusted for redemptions. The Manager and the Investment Consultant share the performance fee under the terms of a separate agreement.

The Manager charges the Fund for accounting, operating and legal support. For the year ended December 31, 2009, the amount charged to the Fund was $125,050, which is included in administrative fees and other expenses on the consolidated statement of operations.

At December 31, 2009, the Fund had administrative fees payable to the Manager of $8,730, which is included in accrued expenses on the consolidated statement of assets and liabilities.

7. Administrator

Butterfield Fulcrum Group Ltd. (the "Administrator") serves as the Fund's Administrator and performs certain administrative and clerical services on behalf of the Fund. For the year ended December 31, 2009, the administration fee charged by the Administrator amounted to $26,617.

(Expressed in United States Dollars)

8. Financial highlights

Financial highlights for the year ended December 31, 2009 are as follows:

	Regular Class Shares	Restricted Class NL Shares
Per share operating performance		
Net asset value, beginning of year	$ 220.96	$ -
Transfer during the year	-	226.64
Income (loss) from investment operations:		
Net investment income	19.91	24.38
Net loss on investments	(32.94)	(39.44)
Total from investment operations	(13.03)	(15.06)
Net asset value, end of year	$ 207.93	$ 211.58
Total return		
Total return before performance and management fee	(4.90) %	(6.65) %
Management fee	(1.00)	-
Performance fee	-	-
Total return after performance and management fee	(5.90) %	(6.65) %
Ratio of expenses to average net assets		
Operating expenses, excluding performance fee	2.18 %	1.62 %
Performance fee	-	-
Total expenses	2.18 %	1.62 %
Net investment income	4.33 %	13.71 %

Financial highlights are calculated for each investor class as a whole. An individual shareholder's financial highlights may vary based on the timing of capital share transactions.