EXHIBIT 8
Fairfield Sentry Limited
Standardized Responses
December 2008
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1) FUND INFORMATION

General Information

1. Description

Fairfield Sentry Limited seeks to obtain capital appreciation of its assets principally through the utilization of a non-traditional options trading strategy described as "split strike conversion," to which the Fund allocates the predominant portion of its assets. The Split Strike Conversion Strategy is designed to identify and profit from short periods of positive momentum in large-cap U.S. equities, while limiting the exposure to the market's downside risk. The strategy is designed to have a much lower volatility than the S&P 100 Index. Underlying investments include S&P 100 Index stocks, S&P 100 Index options, and U.S. Treasury Bills.

2. Fund Inception

Dec-1990

3. Fund current size

$7.3 billion as of Apr-30-2008

4. Fund return since inception

10.79%

5. List share classes and denominations of each share class

Fairfield Sentry Limited - USD
Fairfield Sigma Limited – EUR
Fairfield Lambda Limited – CHF

6. What is the implication of listing the shares on the Irish Stock Exchange?

The Fund is listed on the Irish Stock Exchange because complying with the ISE rules and regulations provided added oversight of the fund.

7. Is the fund regulated? If so, please provide details (including where and by who) and explain any requirements for regulation:
The Fund is incorporated as an International Business Company under the
International Business Companies Act of the British Virgin Islands. The Fund
constitutes a "professional fund" as defined in the Mutual Funds Act, 1996 (as
amended) of the British Virgin Islands (the "BVI Act") and as such is required to be
and is recognized as a "professional fund" under the provisions of the BVI Act. Such
recognition does not entail supervision of the investment performance or portfolio of
the Fund by the Financial Services Commission of the British Virgin Islands (the
"BVI"), which accepts no responsibility for the financial soundness of the Fund or the
correctness of any statements or opinions expressed herein. There is no financial
obligation or compensation scheme imposed on or by the Financial Services
Commission of the BVI in favor of or available to the investors in the Fund. As an
entity regulated under the BVI Act, the Fund will be subject to the supervision of the
Financial Services Commission in the BVI, which is authorized by the BVI Act to
direct the Fund to furnish information or provide access to any records, books or
other documents which it deems necessary to ascertain compliance with the BVI Act
or any regulations made under the BVI Act.

8. Describe the fund’s ownership structure?

Because the Fund is a professional fund under the BVI Act, whose shares are listed
on the Irish Stock Exchange, the Shares may be held only by persons who are
"professional investors" within the meaning of the BVI Act and the Irish Stock
Exchange, and on the basis that the initial investment in the Fund by each of its
shareholders is not less than $100,000. A professional investor is any person whose
ordinary business involves, whether for his own account or for the account of others,
the acquisition or disposal of property of the same kind as the property, or a
substantial part of the property, of the Fund (in this case, investment instruments), or
who has signed a declaration that he, whether individually or jointly with his spouse,
has a net worth in excess of $1,000,000, or, if an institution, $5,000,000 or its
equivalent in any other currency, and that he consents to being treated as a
professional investor. In addition, in order to comply with rules of the Irish Stock
Exchange, an investor will have to represent that he has knowledge and expertise in
financial matters sufficient to evaluate the risks involved in an investment in the
Fund, that he is aware of such risks and can bear the loss of the entire investment.

Investment/Redemption and Lock Up Terms

9. Minimum initial investment

$100,000

10. Minimum subsequent investment

Amounts of not less than U.S. $50,000.
11. Subscription frequency and notice period

Subscription frequency is monthly. The subscription deadline to receive the subscription documents and monies is the third to last business day of the month.

12. Redemption frequency and notice period

Redemption frequency is monthly. Redemption documents must be received at least 15 calendar days before the last business day of the month.

13. Redemption cash proceeds time period

Redemptions are usually paid within 48 hours of the finalization of the NAV by Citco (which normally occurs by the 10th business day of each month).

14. Does the fund have any lock-up period or any other liquidity constraints (e.g. suspension of redemptions and gates)?

There are no lock ups. However, the domestic funds may in the future adopt a lock-up policy.

15. Is there a “gate” and how is that computed (on an aggregate basis or investor by investor basis) and how is the amount in excess of the gate treated?

None.

16. Under what conditions would these restrictive provisions be invoked?

To date the Board of Directors of the Fund have not had occasion to suspend redemptions, though it reserves the right to do so.
In the 17-year history of the Fund, redemptions were never suspended. As the investments are of a highly liquid nature, unless there was an act that closed the global equity markets, we do not anticipate a scenario where redemptions would be suspended.

17. What is the maximum period that a shareholder would be prevented from having their redemption notice accepted and redeemed?

No limit has been set, though in practice, the Investment Manager would exercise all reasonable efforts to process all redemption requests promptly.

18. After a shareholder has given the fund administrator the minimum required notice for redemption, please state the maximum number of days it will take to receive the redemption proceeds, including all possible restrictions (e.g. gate provisions etc).
Payment on redemptions will be made within 30 days after the redemption date.

19. Has the manager undertaken any analysis of costs attached to liquidating the fund over certain time frames; for example, 1 day, 3 days, 5 days, 1 month etc? If so, please enclose.

The Investment Manager estimates that 100% of the assets of the SSC strategy can be liquidated with little to no price impact over four trading days.

20. Have you ever suspended redemptions?

No.

Fees

21. What fees does the fund charge (management, performance, etc.)? Do they vary? If so, please explain.

Subscribers to Fairfield Sentry Limited pay the following fees:
Management Fee: 1%
Performance Fee: 20%

22. Is there a documented policy on allocation of initial “new issues” of shares? If yes, please provide details.

There are no “new issues” shares for Fairfield Sentry Limited.

23. TER for the Fund (total expense ratio).

Ratio of expenses to NAV was 11 basis points for the year ended December 31, 2006; this does not include trading commissions.

Execution/Trading

24. What is the universe of securities, commodities and other investments you invest in?

Fairfield Sentry Limited seeks to obtain capital appreciation of its assets principally through the utilization of the split-strike conversion (SSC) strategy. The split-strike conversion strategy entails the purchase of about 40 to 50 large cap U.S. equities of the S&P 100 Index and the purchase of S&P 100 Index put options with the same notional value as the basket of equities. S&P 100 Index call options are sold with the...
same notional value as the basket of equities. The Fund trades only in highly liquid, large-cap stocks all of which are members of the S&P 100 Index.

25. If your strategy is systematic, please describe in detail the system you are using.

The split-strike conversion strategy relies on a series of algorithms and models that suggest opportunity times to activate and de-activate the strategy. These models incorporate a vast amount of data which is used to assess the market conditions for US Equities.

26. Who among the Firm’s employees can authorize the movement of cash into and out of the accounts at BLM?

Amit Vijayvergiya, Andres Piedrahita, Jeffrey Tucker, Dan Lipton

27. How are authorized trades communicated to the trader? What instructions are given, and how are unauthorized trades prevented and/or detected?

The movement of cash among the Fund’s accounts requires two signatures. The Investment Manager maintains a brokerage account with Bernard L. Madoff Investment Securities LLC ("BLM"), a broker-dealer registered with the Securities and Exchange Commission. The accounts are subject to certain guidelines which, among other things, impose limitations on the minimum number of stocks in the basket, the minimum market capitalization of the equities in the basket, the minimum correlation of the basket against the S&P 100 Index, and the permissible range of option strike prices. Subject to the guidelines, BLM is authorized to determine the price and timing of stock and option transactions in the account. Trade confirms are reconciled immediately.

28. How are the primary back office functions (trading, accounting, settlement and custody) segregated among the back office staff? How do you ensure that back office professionals cannot execute jobs that they are not authorized to perform (e.g. a trader settling a trade)?

The Fund’s NAV is computed independently by Citco, the Fund’s Administrator. Citco independently verifies pricing and trading and reconciles with the broker and Manager on a monthly basis. The Finance Group of the Investment Manager also recalculates the NAV and verifies for accuracy.

29. What sources of liquidity are used to execute a trade?

Since the SSC portfolio is comprised of extremely liquid securities, liquidity is not much of a concern. However, we seek to execute trades in a manner so as to minimize market impact. Both electronic and traditional trading systems are used.
30. How are trades communicated to the custodian/prime broker? If you have more than one prime broker, you have a tri-party agreement in place? How and why are trades allocated between prime brokers?

All trades of the SSC Strategy are executed at Bernard L. Madoff Investment Securities, LLC.

31. What are your brokerage policies? Do you have a preferred list of brokers? What is your average level of commission?

All trades of the SSC Strategy are executed at Bernard L. Madoff Investment Securities, LLC. It is the view of the Investment Manager that the Fund is being charged a competitive commission by the broker dealer for executing the trades.

32. Do you ever share in commissions?

No.

33. Do you use soft dollars?

No.

34. How often is the fund fully invested in the strategy on an average annual basis?

The Fund is usually invested between 50% to 75% of the trading days in a year. Typically, the Fund implements the SSC strategy about 6-8 times each year. The holding period of a typical implementation cycle may range from between 2 weeks to three months.

**Fund Administrator**

35. Contact details

Citco Fund Services (Europe) B.V.
Telestone 8 – Teleport
Naritaweg 165
1043 BW Amsterdam
P.O. Box 7241 1007 JE Amsterdam
The Netherlands
Telephone: (31-20) 572-2100
Facsimile: (31-20) 675-0881

CITCO (Canada) Inc.
2 Bloor Street East, Suite 2700
36. Can you confirm that the Administrator does not rely solely on the valuations provided by Bernard L. Madoff Investment Securities LLC?

The final monthly NAV of Fairfield Sentry Limited (“Sentry” or the “Fund”) is computed independently by Citco Fund Services (“Citco”), the Fund’s third party Administrator. The NAV is also reviewed and verified each month by the Finance Group at FGBL, although Citco retains sole responsibility for independent valuation of all positions.

Citco has established a central pricing unit based in Ft. Lauderdale, FL that obtains independent market prices from three pricing sources: Reuters, Bloomberg, and IDC. These prices are reconciled with the broker and investment manager and verified by the finance group at FGBL.

Citco provides a number of other services for the Fund in addition to NAV calculation: process of subscription and redemptions orders, maintain the shareholder register, conduct client KYC/AML check in accordance with prescribed policies and procedures, calculate and process retrocession payments and disseminate shareholder correspondence.

Custodian

37. Contact Details

Citco Bank Nederland N.V. Dublin Branch
Custom House Plaza Block 6
International Financial Services Centre
Dublin 1
Ireland

38. Duration of the company’s professional relationship with the custodian

Citco Global Custody has been the Fund’s custodian for over 10 years.

39. How are sub-custodians treated? Are you provided with notice when the custodian transfers assets to a sub-custodian? How is the risk of loss treated?
Bernard L. Madoff Investment Securities LLC, a broker-dealer registered with the Securities and Exchange Commission is the Fund's primary sub-custodian. Yes, we receive notice when the assets are transferred to the sub-custodian.

40. Is the cash holding also independent from Custodian's assets?

The Investment Manager typically maintains a modest cash balance in order to fund operating expenses and net capital outflows. This cash balance is held at Citco Bank Nederland NV, the Fund's custodian bank.

Auditor

41. Contact Details

PricewaterhouseCoopers
77 King Street, RT Tower
Toronto, Ontario M5K 1G8
Canada

42. Duration of the company's professional relationship with the auditor:

10 yrs+

43. Have the external auditors ever qualified their audit opinion on the annual financial statements of the fund?

No

Legal Advisors

44. Contact Details

U.S. COUNSEL TO THE FUND
DLA Piper US LLP
1251 Avenue of the Americas
New York, New York 10020

U.S. COUNSEL TO THE INVESTMENT MANAGER
Schulte Roth & Zabel LLP
919 Third Avenue
New York, NY 10022
USA

Gardner Carton & Douglas LLP
191 North Wacker Drive
Suite 3700  
Chicago, Illinois 60606-1698  
USA  

BRITISH VIRGIN ISLANDS COUNSEL TO THE FUND AND THE  
INVESTMENT MANAGER  
Conyers Dill & Pearman  
Romasco Place, Wickhams Cay I  
P.O. Box 3140  
Road Town, Tortola  
British Virgin Islands  

45. **Duration of the company’s professional relationship with the legal advisers:**  

[Redacted] of DLA Piper US LLP, has been a legal adviser for over twenty years.  
Conyers Dill and Pearman have been British Virgin Islands Counsel to the Fund and the Investment Manager since 2003.  

**Operations**  

46. **Please provide details of the trade execution process including the party responsible for execution and systems used.**  

The split-strike conversion strategy is implemented by Bernard L. Madoff Investment Securities LLC (“BLM”) through accounts maintained by the Fund at that firm.  

47. **Describe the cash and position reconciliation process with the prime broker and administrator (if applicable). How frequently is this performed? Who performs this reconciliation?**  

The executing broker reconciles the portfolio holdings on a daily basis. The administrator reconciles the portfolio holdings at month-end for official share valuation purposes.  

**Drawdowns/Withdrawals**  

48. **What were the 5 largest withdrawals in your fund since inception?**  

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apr-05</td>
<td>Investor withdrew approximately 3.8% of AUM</td>
</tr>
<tr>
<td>Apr-06</td>
<td>Investor withdrew approximately 2.0% of AUM</td>
</tr>
<tr>
<td>Mar-04</td>
<td>Investor withdrew approximately 1.2% of AUM</td>
</tr>
<tr>
<td>Nov-05</td>
<td>Investor withdrew approximately 0.7% of AUM</td>
</tr>
<tr>
<td>Mar-06</td>
<td>Investor withdrew approximately 0.7% of AUM</td>
</tr>
</tbody>
</table>
49. List the 5 maximum drawdowns, in percent of equity for the fund, the recovery period and explain when and why they have happened:

<table>
<thead>
<tr>
<th>Depth</th>
<th>Length</th>
<th>Recovery</th>
<th>Peak</th>
<th>Valley</th>
</tr>
</thead>
<tbody>
<tr>
<td>-0.64%</td>
<td>1</td>
<td>2</td>
<td>Oct-94</td>
<td>Nov-94</td>
</tr>
<tr>
<td>-0.44%</td>
<td>1</td>
<td>1</td>
<td>Jan-94</td>
<td>Feb-94</td>
</tr>
<tr>
<td>-0.40%</td>
<td>3</td>
<td>1</td>
<td>Nov-02</td>
<td>Feb-03</td>
</tr>
<tr>
<td>-0.27%</td>
<td>1</td>
<td>1</td>
<td>Apr-92</td>
<td>May-92</td>
</tr>
<tr>
<td>-0.24%</td>
<td>1</td>
<td>1</td>
<td>Jul-95</td>
<td>Aug-95</td>
</tr>
</tbody>
</table>

50. To confirm that none of the principals have any directorships, partnerships or shareholdings in any business interests which may have dealings with the fund (other than their interests in the management company);

Walter Noel is a director of Fairfield Sentry Limited and a Partner of Fairfield Greenwich Limited ("FGL")

51. Have any side letters been issued and what are the general terms thereof;

None issued

52. With respect to the directors of the fund, M/S Jan R Naess and Peter P Schmid, can you confirm if either of them has any personal connection or affiliation with and/or is related to the manager or the individuals therein. What are the fees payable to each person as a director?

M/S Naess and Schmid have no personal connection with or affiliation to the principals of Fairfield Greenwich (Bermuda) Limited ("FGBL"), though they have been long time acquaintances of other principals of FGL, the parent company of FGBL.

53. Does the Fund have a High Water Mark?

In Sentry a 20% performance fee is paid each quarter of the net realized and net unrealized appreciation in the net asset value of the shares. If there is a loss during any quarter there is no performance fee payable and if there is a loss inter-quarter the performance fee calculated will be reduced. The high water mark is the highest NAV that has been calculated in the Fund and a performance fee will only be charged on net appreciation beyond this NAV.

Eg. After reaching its peak the fund loses $100,000 in quarter one, and then makes $250,000 in quarter two. The manager therefore not only reached the high watermark but exceeded it by $150,000 ($250,000 - $100,000). Performance fee will be 0 in the first quarter and will be 20% of $150,000 in the second quarter.
2) INVESTMENT MANAGER

54. Description

Fairfield Greenwich (Bermuda) Ltd. is the Investment Manager of Fairfield Sentry Limited.

FGBL performs the following functions:
Reviews, approves and monitors the operating guidelines and risk limits of the SSC and the Fund,
Manages the overall investment activities and allocations of the Fund and maintains the relationship between the Fund and its key service providers, including broker, custodian, administrator, lawyers, auditors, regulators, registrar and transfer agent.
Conducts daily positions-based risk measurement, performance attribution and other quantitative analytics.
They ensure that the split strike conversion strategy is implemented according to the fixed set of criteria and investment parameters as indicated in the Fund's operating guidelines and terms and conditions.
Communicate with shareholders

FGBL is registered with the SEC as an Investment Advisor

55. Please provide contact details

12 Church Street
Suite 606,
Hamilton, Bermuda
HM 11
Tel: 1-(441) 292-5401
Fax: 1-(441) 292-5413

56. What are Investment Manager current asset under management?

The Investment Manager has approximately $9.9 billion in assets under management as of January 31, 2008.

57. When was the Investment Management Company formed?

The Company was incorporated on June 13, 2003 in Bermuda.

58. What is the organizational structure of the Investment Manager and Key employees?
The following employees of Fairfield Greenwich (Bermuda) Limited ("FGBL") spend some or all of their time engaged in the management, operations, risk control and accounting for Fairfield Sentry Limited:
Amit Vijayvergiya, Partner, Chief Risk Officer - Fund management
Disha Attavar, Vice President, Analyst - Analytics, performance measurement and investor communications
Clare Wood – Senior Risk Officer - Risk management
Bjorn Axelsson, Senior Vice President, Risk Analyst - Operations, data and investment compliance
Gordon McKenzie, Director and Controller - Finance and accounting
Ryan Amlin, Vice President, Senior Fund Accountant - Finance and accounting

59. What procedures does the Investment Manager have in place to monitor the investment policy?

Specific risk limits and operating guidelines have been set to govern the investment activity of the SSC strategy. These risk limits pertain to the construction of the stock basket and options collar and serve to define the level of permissible market risk. The Investment Manager monitors compliance of the SSC strategy against these risk limits and guidelines each day.

60. What procedures does the Investment Manager have in place to manage the risk?

The risk limits governing the SSC strategy stipulate that only S&P 100 Index equities may be used in constructing the stock basket. These equities are amongst the largest capitalization, most liquid securities in U.S. equity markets and are typically leaders within their respective industries.

61. Does the Investment Manager send monthly risk report?

Risk Reports are provided to clients on a monthly basis upon signing an NDA.

Which regulation authority is the company registered with?
Fairfield Greenwich (Bermuda) Ltd. registered with the SEC as an Investment Adviser in 2006.

62. What mechanism has the Investment Manager put in place to reduce the risk of conflict of interests?

Employees are subject to (and sign on an annual basis) a Code of Ethics, in which they affirm that they will not take inappropriate advantage of their positions with respect to personal trading and otherwise. Certain employees of the Company (with access to confidential information) must disclose brokerage accounts held at third-party broker dealers. The Company then makes arrangements with those broker-dealers to receive copies of all confirms and statements generated by those accounts.
Certain individuals must receive pre-clearance from the Compliance department before they can make a trade, while the others are subject to post-trade review. The Company has no proprietary trading account. A limited number of individuals are considered "Access People" and are able to view the positions.

63. What is the composition of Back Office Team?

The Finance Group at Fairfield Greenwich Bermuda Limited ("FGBL") consists of Gordon McKenzie, Director and Controller - Finance and accounting and Ryan Amlin, Vice President, Senior Fund Accountant - Finance and accounting. The Finance Group calculates weekly estimated NAVs for the Fund. Citco serves as the Fund's Administrator and independently calculates the final monthly NAV of the Fund. The NAV is also reviewed and verified each month by the Finance Group at FGBL. Citco has a pricing unit that prices all securities independently. They utilize three pricing sources: Reuters, Bloomberg, and IDC. These prices are reconciled with the broker and investment manager and verified by the finance group at FGBL.

64. Please provide a description of the contingency plan of the Company?

FGG has a formal disaster recovery and business continuity plan that meets the requirements of NASD Rule 3500. All employees are able to access the FGG network from any place where they have an Internet connection (including dial-up) and key New York office personnel are able to work from the Greenwich, Connecticut office. FGG employs a full-time Chief Technology Officer and five full-time computer technologists in support roles. FGG's computer systems and all critical data are replicated and backed up to its live data storage site London on a daily basis, and the entire system is regularly tested. FGG relies on the various back-up capabilities of the prime brokers from which it receives data feeds. Investment decisions are made by FGG's Investment Committee, thus mitigating the risk of any single decision maker being incapacitated.

65. Does the management firm carry Errors and Omissions Insurance? How much?

FGG has $20 million in Errors and Omissions Insurance.

3) FGG

66. Describe your Business continuity plan

Fairfield Greenwich Group (FGG) is increasingly depends on business functions, computer-supported information processing and telecommunications to conduct its daily business with its customers. This increasing dependency poses the risk that a lengthy loss of these capabilities could seriously affect the overall daily operations of FGG.
To address this risk FGG has prepared a comprehensive Business Continuity Plan. These plans follow the AIMA guidelines and cover the recommended key topics; Identification of risk, Identification of systems, processes and the other information that make up the enterprise, Definition of recovery requirements, Development of recovery plans, Testing and providing the plans to ensure they work, Maintenance and updating of the plan.

Having a comprehensive business continuity plan in place will reduce the potential impact to FGG and our Clients. FGG’s Business Continuity Plan is designed to reduce the risk to an acceptable level by ensuring the restoration of Critical Business Functions within 1 hour, and all Essential Business Functions within two days of the outage.

The Plan identifies the critical functions of FGG and the resources required to support them. The Plan provides guidelines for ensuring that needed personnel and resources are available for both disaster preparation and response and that the proper steps will be carried out to permit the timely restoration of services.

The Business Continuity Plan specifies the responsibilities of the Business Continuity Management Team, whose mission is to establish procedures to ensure the continuity of FGG's business functions.

In the event of a disaster affecting any of the functional areas, the Business Continuity Management Team serves as liaison between the functional area(s) affected and other departments providing major services. These services include the support provided by the Finance Group, Information Technology, Sales Administration, and Customer Relations.

67. **How often are computer systems backed up? Are backup tapes maintained off-site?**

All fund accounting and agent payment systems are housed at Citco Fund Services, which has its own extensive disaster recovery procedures audited by PricewaterhouseCoopers. For internal systems, FGG has two datacenters located in New York and London. Data is replicated between New York and London sites every 6 hours. Additionally, FGG deploys Disk backup systems in both locations. Data is moved to disk backup on 30 minute intervals and data is maintained for 7 years. All e-mail is archived as received according to SEC Rule 17a. All remote sites connect directly into one of the two FGG data centers. In the event of disaster, FGG is prepared to relocate essential personnel to either of its two New York locations, or to its Greenwich, Connecticut site. All of which are connected directly to its London office. Additionally, all FGG personnel are able to work remotely from any computer with an Internet connection. They are able to access both our New York and London sites at any time.

68. **Who are the shareholders of FGG?**
Approximately 60% of the partnership is controlled by three shareholders while 16 shareholders control the rest of the shares. Please refer to our Private Placement Memorandum for biographies of key people associated with Fairfield Sentry Limited.

4) RISK

Description

69. Provide details of Risk Management

Fairfield Greenwich (Bermuda) Limited serves as the Investment Manager of Fairfield Sentry Limited and, as such, has full position transparency to all positions of the split strike conversion strategy. The SSC strategy is executed by Bernard L Madoff Investment Securities, LLC a US broker/dealer registered as an Investment Advisor with the SEC and as a broker/dealer with FINRA. FGBL receives directly from BLM all trade data including trade tickets, asset holdings reports, transaction reports and electronic files containing every trade. This information is transmitted to FGBL both electronically and in paper form and, after being processing and reconciled by the Risk Team at FGBL, is input into in-house models (portfolio oversight, compliance and risk systems) as and when they are received.

The granular position transparency allows FGBL to conduct a variety of position-based analytics including:

- detailed daily compliance monitoring of portfolio activity against all risk limits
- P&L attribution by position and instrument type
- analysis of options activity and contribution to performance
- granular and aggregated risk reporting
- position based calculation of the value added during each cycle by the timing decision

The Risk Group is responsible for the measurement, monitoring and management of risk of Fairfield Sentry and the firm’s funds. This includes data management, valuation verification, compliance monitoring, and performance measurement. The Risk Group uses a variety of systems and tools to conduct its work - some have been built in house, some have been licensed and some have been customized by third party software vendors for our purposes. FGBL has full position transparency and this is utilized to perform a range of market risk exposures - stress tests, scenario analysis, VaR analytics.

FGBL performs a range of market risk analytics at different levels of aggregation and frequency
Risk analyses include: (i) exposure analyses (gross, net, long, short) on a market value basis and delta-adjusted basis, (ii) historic and predictive stress tests, (iii) factor shocks, (iv) sensitivity reports and (v) VaR calculations.

The Risk Group uses a variety of performance measurement and risk measurement tools. Some have been built in house, some have been licensed and some have been customized by third party software vendors for our purposes.

The RiskManager and HedgePlatform products from RiskMetrics are both used to conduct standardized and specialized risk analytics.

70. Please describe Risk Methodologies?

Fairfield Sentry Limited (“Sentry” or the “Fund”) has defined risk/reward parameters which can be ascertained at the time a position is constructed. The split-strike conversion (“SSC”) strategy is executed under a set of strict operating guidelines which serves to limit the market risk at the strike price of the put options. The portfolio would not normally be subject to extreme market movements due to the nature of the near out-of-the money options collar consisting of a long protective put and short call options. Market risk is, however, measured and monitored both qualitatively and quantitatively using a number of in-house and third party risk tools. The risk team monitors the portfolio and performs checks to monitor the investment compliance to operating guidelines.

Leverage

71. Discuss your leverage exposure policy and its management over different market cycles

No leverage is used on the portion of the Fund’s assets invested in the SSC Strategy (95%+). However, non-SSC investments to which the Fund may allocate up to 5% of its capital may use leverage. The non-SSC investment vehicles in which the Fund invests may borrow funds in connection with their investment strategies.

72. What are your portfolio financing constraints/limits?

The Fund does not employ any balance sheet leverage.

Diversification

73. Discuss the depth of diversification

The stock basket is diversified across sectors in approximately the same weighting as the top 50 names on the S&P 100 Index.
74. Discuss position and stop-loss limits and their management.

The stock basket is designed to replicate the S&P 100 Index with low tracking error. The portfolio does not apply position or stop loss limits. Market risk is controlled via the construction of a near out-of-the-money approximate notional S&P 100 Index put hedge.

Liquidity

75. How do you measure minimum liquidity of positions?

The risk limits governing the SSC strategy stipulate that only S&P 100 Index equities may be used in constructing the stock basket. These equities are amongst the largest capitalization, most liquid securities in U.S. equity markets and are typically leaders within their respective industries.

76. How do you manage the assets and liabilities liquidity of the fund?

Given the liquid nature of the investments of the SSC strategy (large cap equities, plain vanilla S&P 100 Index puts and calls and U.S. Treasury Bills), the Investment Manager has been able to readily generate cash in order to fund net capital outflows. The Investment Manager typically maintains a modest cash balance to facilitate these payments.

Miscellaneous

77. Discuss the others risk measures applied in the funds (for example: Value at Risk, Stress Test, Duration, Tracking Error).

Specific risk limits and operating guidelines have been set to govern the investment activity of the SSC strategy. These risk limits pertain to the construction of the stock basket and options collar and serve to define the level of permissible market risk. The Investment Manager monitors compliance of the SSC strategy against these risk limits and guidelines each day.

In addition, the Investment Manager calculates a number of other risk metrics to measure and monitor the risk profile of the SSC strategy and the Fund. VaR is calculated using a number of risk settings (Monte Carlo, 95% and 99% confidence intervals, 1-day and 1-month horizons, under various decay factors). In addition, to determine sensitivity of the portfolio to extreme market events, FGG applies a number of stress tests to the portfolio. These reports are calculated at several levels of aggregation in order to develop a comprehensive understanding of the sources of risk in the portfolio. Risk numbers are also tracked over time to determine a risk profile for each FGG manager and to evaluate risk results against realized returns.

78. How often are these limits applied? When were their peaks observed?
The risk limits governing the SSC strategy must be observed at all times.

79. How do you adjust your risk capital when there is a significant increase in equity due to trading profits?

Due to the sale of near out-of-the-money S&P 100 call options, any unrealized gains in the stock positions beyond the strike price of the short calls will be offset by the liability of the short calls. In such a situation, if it is felt that large cap U.S. equities would continue to exhibit positive momentum, the options collar might be rolled to new strikes while keeping the stock basket unchanged.

80. Do you have a risk manager? Please describe the department.

Yes, Amit Vijayvergiya, is Chief Risk Officer and focuses on Fairfield Sentry Limited and risk management for FGG.
The Risk Group is based in FGG’s Bermuda office. The following individuals are part of the Risk Group:
Amit Vijayvergiya - Partner, Chief Risk Officer
Charles Oddy - Director, Senior Risk Officer
Clare Wood – Sr. VP, Quantitative Risk Officer
Bjorn Axelsson - VP, Risk Analyst
Elizabeth Colebrooke - VP, Risk Analyst
Disha Attavar - Analyst

The Risk Group is responsible for the measurement, monitoring and management of risk of Fairfield Sentry and the firm’s funds. This includes data management, valuation verification, compliance monitoring, performance measurement and structured products. The Risk Group uses a variety of systems and tools to conduct its work - some have been built in house, some have been licensed and some have been customized by third party software vendors for our purposes.

81. Do you use an external risk monitor? If so, who and why that particular one.

The Investment Manager conducts in-house risk oversight and compliance monitoring using systems and tools that have been developed internally as well as licensed from external risk vendors. In addition to a variety of internally developed proprietary performance measurement, risk measurement and compliance monitoring systems, FGG uses the RiskManager platform of RiskMetrics.

82. Please describe the operational risk management policy.

The Investment Manager periodically monitors operational risk, both internally and of external service providers. Operational risk is defined as risk arising from people, systems and processes.
83. **What system/software is used in Risk Management’s and pricing’s Department?**

A number of proprietary and external risk systems are used including the RiskManager platform of RiskMetrics. Citco has a pricing unit that prices all securities independently. They utilize three pricing sources: Reuters, Bloomberg and IDC.

84. **Any third party verifying adherence to risk limits (credit risk, market risk and liquidity risk)?**

FGG conducts risk and compliance monitoring internally although external vendors may be used to generate certain risk statistics.

85. **How do you determine size and limits for each position/ basket?**

The Fund limits the size of stocks within the stock basket to their corresponding size within the S&P 100 Index.

86. **How do you calculate the correlation between each investment in the portfolio?**

In order to replicate the S&P 100 Index, a risk limit has been set requiring that the correlation of the SSC stock basket to the S&P 100 Index must be more than 95% during implementation cycles. For this purpose, historic correlation over the past 30 days is calculated.

87. **What are the main sources of marginal risk in your strategy?**

The SSC strategy relies on positive market momentum in order to generate trading profits. To the extent that the SSC strategy has been implemented in anticipation of an upward move in the S&P 100 Index but the Index instead displays persistent negative momentum or remains directionless, the SSC strategy is likely to underperform. Market risk is, however, contained at the strike price of the near out-of-the-money long puts (one strike OTM). These put options are purchased upon completion of construction of the stock basket.

88. **How has performance been distributed across positions and time?**

The primary driver of performance has been the stock basket followed by the options positions and then T-Bills interest.

89. **Who is responsible for the pricing in the portfolios?**

The assets of the SSC Strategy are invested in liquid instruments. S&P 100 stocks make up about 95% of the portfolio. The portfolio is priced daily by the broker and the Investment Manager - Fairfield Greenwich (Bermuda) Ltd. (“FGBL”). The Finance
Group of the Investment Manager also calculates weekly estimated NAVs for the Fund. Citco serves as the Fund’s Administrator and independently calculates the final monthly NAV of the Fund. The NAV is also reviewed and verified each month by the Finance Group at FGBL. Citco has a pricing unit that prices all securities independently. They utilize three pricing sources: Reuters, Bloomberg, and IDC. These prices are reconciled with the broker and investment manager and verified by the finance group at FGBL.

90. **Please describe Pricing Methodologies (including feeders and prices models)**

Long equity positions are marked at the closing bid price. Long S&P 100 Index put options are marked at the closing bid price. Short S&P 100 Index call options are marked at the closing ask price.

91. **Are there the detection discrepancies between the price of the transaction and average market prices?**

No material pricing discrepancies have occurred between broker and market pricing sources. The investments of the SSC strategy are very liquid and can be readily priced.

92. **The options are all on the S&P 100 while there is a basket of equities of 40-50 shares of the S&P 100. What kind of stress tests have been performed? In what kind of scenarios will the fund be hurt?**

There are two key sources of market risk: a) a decline in the market value of the stock basket from level of the cash value of the S&P 100 Index at the time that the stock basket has been assembled and the floor value represented by the strike price of the long put options on the S&P 100 Index, and b) a decoupling of the correlation between the stock basket and the S&P 100 Index. The correlation of the stock basket to the S&P 100 Index must be 95% or greater. If the correlation threshold is breached, the correlation will be monitored on a real time basis until it is corrected, typically with an adjustment to the stock basket.

We perform a variety of historical stress tests and scenario analyses where we shock the individual components of the SSC portfolio by the market moves of each component during the relevant historical period (ie. 2000 technology bubble, equity market rallies, equity market declines etc). We also shock individual risk factors +/- 10% to examine the impact to P&L.

93. **How do you examine the Greeks and how often?**

We have the capability to examine Greeks on a daily basis, but we definitely monitor it at month-end. We examine Greeks mostly for P&L attribution purposes.

94. **What is the hedge limit on the options?**
The hedging of the portfolio of long-only stocks is created with an options collar. When a basket of stocks is purchased, a protective collar is always purchased, with the notional value of the long put options that approximates the market value of the underlying basket. The sale of out of the money call finances the purchase of the protective put and enhances the “stand still” rate of return.

95. State the calculated VaR 95% over 1 month, specifying the model used to calculate it.

The 95% 1-month VaR of Fairfield Sentry Limited was 7 bps of NAV at the end of December 2006. The Split-Strike Conversion Strategy was entirely invested in a portfolio of short dated US Treasuries at this time. This calculation uses Monte Carlo VaR, 1000 simulations, 1 year lookback, .94 decay factor (1-day VaR scaled up to 1-month VaR using the square root of time rule).

Since Sigma is purely a currency feeder into Sentry, it’s VaR is substantially the same as that of Sentry with only minor differences attributable to the currency hedge. We do not currently calculate VaR directly on Sigma and Lambda for this reason.

96. How do you manage the redemption risk during the current market environment? What is the current cash position? What is the average cash position?

Fairfield Sentry Limited offers monthly redemptions with 15 days notice. The Fund trades in highly liquid, large cap stocks, all of which are members of the S&P 100 Index. These stocks are amongst the most well traded, liquid issues in US equity markets. Given the liquid nature of these securities, we do not anticipate a problem with meeting monthly redemptions.

Cash balance at Administrator: 0.83% of AUM as of Sep/30/08. The strategy is currently entirely invested in T-bills (effectively 100% cash, not including the small piece in Non-SSC).

Average cash balance at Administrator over past 12 months has been less than 1%.

97. Is there any risk when you sell call option? You get the cash upfront?

Yes, cash is received immediately upon sale of the call option.

98. Are the OTC option positions held by Sentry (in OEX’s) being valued effectively given the turmoil in CDS markets? They are aware that these are not CDS’s but still as noted in prior calls with Sentry – they have counterparty risks. How are they managing exposure with the latter? Have they restricted their counterparties / devised margin arrangements to favor the Fund.
Currently, Sentry is invested in short dated US T-bills (i.e. the split strike conversion (SSC) strategy is not implemented; hence there is no current options counter-party exposure).

99. Counterparty Credit Exposure:

During future activations of the SSC Strategy, however, there will be counterparty credit exposure as the options positions are transacted in the OTC market. The principal method applied to control counterparty credit risk is via an assessment of creditworthiness and strict credit diversification limits. The options trades are spread across twenty derivatives dealers and international banks and no single counterparty can represent more than 10% of the exposure. In the event of a failure of one of these counterparties that sold put protection to the fund, the SSC would be exposed to any downward move in the stock basket that may have occurred. Consider the following scenario:

- if the SSC was 100% invested, and
- the S&P 100 Index declined 20% (and therefore the stock basket declined 20%), and
- one of the counterparties failed, and
- this failed counterparty represented a max 10% exposure

The SSC would be exposed to 10% of the 20% decline = 2.00% in this scenario.

100. Direct Equity Market Exposure:

Any direct equity market exposure that the SSC may have to a failed financial services firm is mitigated by the S&P 100 Index put hedge which must be in place whenever stocks have been purchased.

101. Indirect Exposure:

In this environment, it is conceivable that certain counterparties would be less willing to trade OTC derivatives contracts because of impediments to their ability to offset their exposure (i.e. limits on short selling). This might have the effect of reduced options liquidity on entry or exit of the SSC strategy. We have been informed that the each of the twenty derivatives counterparties used by the SSC have expressed confidence in their ability to hedge their trades using indices and/or futures and that they continue to be willing to trade derivatives. Bid/Ask prices for these options are clearly higher in this environment, but since the SSC is long the same number of one-strike OTM puts as it is short one-strike OTM calls, this effect is largely negated.

102. How does FGG get comfortable with the options c/p risk in the absence of knowing the names of the options counterparties?

1. Ex-poste: draw comfort from the fact that in the 18 years that the fund has used derivatives c/p's (actually less than this b/c options were traded on the listed exchanges in
the early days) there has been no impact to performance due to c/p failures. Especially important given that this lengthy track record includes several distressed periods for banking institutions (early 90’s, 2005, post Aug-07).

2. Ex-ante: credit limits outlined below serve to protect against less creditworthy options c/p’s being selected and serve to limit exposure to even the higher quality c/p.

3. Scenario Analysis: if the SSC was fully invested, AND a c/p failed, AND that c/p represented a max 10% exposure, AND the S&P 100 Index were to precipitously fall 20% so quickly that no remedial action could be taken -- the expected loss to the Fund would be 2.00% (actually less than this b/c BLM, acting as Agent, could collect the ~15% performance assurance posted by the bank at initiation of the trade). This is because 10% of the stock basket would be exposed to the full 20% decline in the S&P 100 Index.

10. Please provide comments regarding liquidity and counterparty risk during turbulent markets.

A) Counterparty risk:
The SSC uses derivatives dealers and international banks for the majority of the OTC options trades and counterparty risk is diversified amongst approximately 20 dealers in order to reduce exposure to any single counterparty. Bernard L. Madoff Investment Securities LLC (“BLM”) has informed us that counterparties are rated A or better and maximum exposure to a single counterparty is currently 10%.

BLM serves as Agent in these options transactions and receives performance assurance on behalf of the Fund in the form of T-Bills. This performance assurance is collected from any option counterparty that has sold S&P 100 Index puts to the Fund (note that the operating guidelines of the split-strike conversion strategy stipulate that long S&P 100 Index put options must be held whenever a long stock position is held). The options counterparties that are used are well known, established options dealers who must enter into a ‘Standardized Options Agreement’ for these trades. In order to assess the probable impact to the Fund of a failure of one of these counterparties to perform, we can consider the following scenario: If the SSC Strategy was fully implemented and U.S. equity markets unexpectedly and instantaneously declined 20%, and if in this stressed environment an option counterparty from whom the Fund purchased a max 10% of the required long position in S&P 100 Index puts were to fail (and if there was no government sponsored bailout of the failed dealer as had occurred with Bear Stearns), up to 10% of the stock basket would be exposed to the 20% decline. This translates to a probable loss due to counterparty failure of about 2.00% at the Sentry Fund level in a market that was down 20%.

B) Options liquidity:

Prior to constructing the stock basket of the SSC strategy, BLM has informed us that his SSC traders contact up to 20 derivatives dealers and international banks to ensure that
sufficient liquidity is available to purchase the necessary quantity of S&P 100 Index puts and sell the same number of S&P 100 Index calls. As a result of this preliminary step, it is not expected that the SSC would encounter a situation where stocks have been purchased (and hence an exposure to market risk is present), without sufficient liquidity to trade the required number of puts to protect the stock basket. For example, even during the recent period of heightened equity market volatility, enough options liquidity was available to implement a significant portion of the Fund's assets during a single trading day in mid July. From a trade execution perspective, BLM has commented that the SSC has not encountered a situation in the recent past where an implementation was prevented due to insufficient liquidity.

104. What are the risk and reward parameters?

Fairfield Sentry Limited has defined risk/reward parameters which can be ascertained at the time a position is constructed. The split-strike conversion strategy is executed under a set of strict operating guidelines which seeks to limit the market risk at the strike price of the put options. The portfolio would not normally be subject to extreme market movements due to the nature of the near out-of-the money options collar consisting of a long protective put and short call options. Market risk is, however, measured and monitored both qualitatively and quantitatively using a number of in-house and third party risk tools. The risk team monitors the portfolio and performs checks to monitor the investment compliance to operating guidelines.

105. Can you explain the sentence “excellent risk adjusted return”?

Risk adjusted return is a measure of how much an investment returned in relation to the amount of risk it took on. Fairfield Sentry Limited had delivered persistent returns, with low volatility throughout its 17 year track record. The volatility of the Fund since inception is 2.47%. The Fund has outperformed the S&P 100 Index, with less than one-fifth the volatility. The Funds rolling one-year and three-year volatility results are well below 2% as the steady return profile of the Fund means that its returns are consistently positive. By normalizing Sentry’s excess return (i.e. net return above the risk free rate) by the level of volatility it assumed to generate those returns, we see that Sentry’s excess return per unit of volatility has historically been quite good. This concept is reflected in measures such as the Sharpe, Calmar and Sortino ratios.

106. Does FGBL or Risk Services conduct the risk monitoring for Sentry

FRSL performs the risk oversight and compliance monitoring of Sentry and related funds. FGBL performs the functions related to investment management, performance measurement, investor communications, finance and operations. FGBL retains FRSL for the risk and compliance oversight function.

5) STRATEGY DETAILS
107. Describe the Fund’s strategy

The Strategy seeks to produce consistent low volatility returns by identifying and capturing periods of positive momentum in large cap U.S. equities on a hedged basis.

Description of the Split Strike Conversion strategy:

The establishment of a typical position entails

i. the purchase of a group or basket of equity securities that are intended to highly correlate to the S&P 100 Index,

ii. the purchase of out-of-the-money S&P 100 Index put options with a notional value that approximately equals the market value of the basket of equity securities, and

iii. the sale of out-of-the-money S&P 100 Index call options with a notional value that approximately equals the market value of the basket of equity securities.

An index call option is out-of-the-money when its strike price is greater than the current price of the index; an index put option is out-of-the-money when the strike price is lower than the current price of the index. The basket typically consists of 50 stocks in the S&P 100 Index.

The primary purpose of the long put options is to limit the market risk of the stock basket at the strike price of the long puts. The primary purpose of the short call options is to largely finance the cost of the put hedge and to increase the stand-still rate of return.

This position in its entirety could be characterized as a bull spread which, presuming the stock basket highly correlates to the S&P 100 Index is intended to work as follows:

(i) it sets a floor value below which further declines in the value of the stock basket is offset by gains in the put options,

(ii) it sets a ceiling value beyond which further gains in the stock basket are offset by increasing liability of the short calls, and

(iii) defines a range of potential market gain or loss.

The Fund implements the SSC strategy several times each year and alternates between periods of ‘activation’ and ‘deactivation’ of the SSC. The holding period of a typical implementation cycle may range from between 2 weeks to three months. During periods of time when the Strategy has not been implemented in SSC, it is invested in a laddered portfolio of short-dated U.S. Treasury Bills which can be converted to cash quickly in advance of an implementation. Historically, the SSC has been implemented between one-half to two-thirds of the trading days each year.

108. Describe the Non-Split-Strike Conversion Initiative.
The Non-Split-Strike Conversion Initiative ("Non-SSC" or the "Initiative") has been a feature of Sentry since October 1, 2002. The allocations to the Non-SSC managers consist of investing a small portion of Sentry’s capital to new investment vehicles managed by experienced management teams establishing themselves in new investment businesses. Non-SSC investments may also include strategic allocations to experienced managers in established funds.

A key feature of this Initiative is that Sentry shareholders will not only participate in gains resulting from these investments, but FGBL also provides a form of "principal protection" from any losses that may result from these allocations at the end of a calendar year.

The Fund can allocate up to a maximum of 5% to the Non-SSC program. The Fund’s allocation to the Non-SSC program has historically been about 2 to 2.5%. This structure has been additive to Sentry’s return, and as of April 2008 has generated 81 bps since inception.

109. What percentage of Sentry AUM is used for other than split strike conversion investment?

The Investment Manager may allocate a portion of the Fund’s assets (never to exceed, in the aggregate, 5% of the Fund’s net asset value, measured at the time of investment) to alternative investment opportunities other than its "split strike conversion" investments (the "Non-SSC Investments").

110. Please provide a detailed explanation of principal protection with regards to Non-SSC?

"As at the end of any calendar year if the aggregate amount of original investments in Non-SSC investments is greater than the aggregate net asset value of the Funds interests in Non-SSC investments (Non SSC investment loss), the performance fee payable at the subsequent quarter end (Q1) with be reduced by this investment loss. This loss will be carried forward. If the Non-SSC investment loss is in part or in whole subsequently recouped by the Non-SSC investments, Sentry will pay this portion of the performance fee (previously reduced) in addition to the performance fees for that quarter. The Fund has not had to make any payments under this 'principal protection' since inception of the Non-SSC program in Q3 2002."

Essentially any aggregate loss on the program as a whole since inception at the end of the year will reduce the next quarters fees payable by that amount until those investments gain back the loss in which case the loss (previously used to lower fees payable) will then be paid out to the investment manager.

111. Describe Market Risk

Sentry has defined risk/reward parameters which can be ascertained at the time a position is constructed. The split-strike conversion strategy is executed under a set of strict
operating guidelines which serves to limit the market risk at the strike price of the put options.
The portfolio would not normally be subject to extreme market movements due to the nature of the near out-of-the money options collar consisting of a long protective put and short call options. Market risk, however, measured and monitored both qualitatively and quantitatively using a number of in-house and third party risk tools.

112. Why has the fund's return been declining since 2002?

Since its inception in 1990, Fairfield Sentry Limited ("Sentry") has consistently returned between 400-600 basis points above 1-month USD LIBOR across different interest rate environments. As described in the attached LIBOR Analysis document, this has been true even during the period of rate increases of 2004/2005 followed by rate stabilization in 2006/2007 with Sentry posting gains above the short term cash rate in the 400 basis points range per annum. This can be contrasted with the performance of the Fund on both a relative and absolute basis during the late 1990’s. The higher absolute return during the 1997 – 2001 period occurred when short terms rates were in the 5 – 6% range. The spread relationship between Sentry and LIBOR remained intact during this period and Sentry returned slightly more than 6% above LIBOR.

The intuition behind the consistent performance spread to LIBOR can be traced to the objectives and implementation of the split-strike conversion strategy (the "Strategy"). The Strategy identifies periods of positive momentum in large cap U.S. equities and constructs a combination stock/options position called a bull spread that is designed to participate in this upward move. During periods of time when the Strategy has not been implemented in this combination position, it is invested in a laddered portfolio of short-dated U.S. Treasury Bills which can be converted to cash quickly in advance of an implementation. The period of time during which T-Bills are held can range from one-third to one-half of the trading days in a year and consequently the prevailing level of short-term interest rates will influence the net return of the Strategy.

113. Where is the fund mainly distributed?

Fairfield Sentry Ltd. is distributed outside the U.S. FGG has more than 1,500 holders of record representing private and commercial banks, insurance companies, government authorities, financial advisors, family offices, and other institutional investors. An estimated 1/3 are institutional investors. There may be many more underlying ultimate investors as some holders of record are private banks and distribution networks.

114. What do you perceive as the most likely risks not making target returns?

The Fund has historically delivered net returns between 400 to 600 basis points above 1-month USD LIBOR. The ability of the Fund to reach these levels depends on the market environment. Generally the SSC strategy functions well when there is good liquidity, positive momentum, greater market participation as well as reasonable volatility.
115. Is it possible to lose more money than invested in the fund, more than 100%?

Acquiring shares of the Fund may expose an investor to a significant risk of losing all of the amount invested. Any person who acquires shares should not be exposed to any risk of incurring additional liability.

116. Do bear markets suggest decreasing of investment opportunities for SSC strategy?

Sentry’s split-strike conversion strategy is designed to identify and capture periods of positive momentum in large cap U.S. equities – performance is driven by the timing decision of when to activate or deactivate the strategy and when to adjust the options collar. Even during protracted bear markets, the Fund has been able to generate positive returns by identifying and capturing brief “bear market rallies.” During the most severe six-month decline in the S&P 100 Index when that Index declined -28.92% between Mar – Sep 2002, the SSC strategy was implemented four times – all profitable – indicating that sufficient entry/exit opportunities were available. So far this year there have been 3 complete implementation cycles. The fourth implementation cycle began in early November and the Fund’s estimated YTD return as of November 6, 2008 is 4.57%. The split-strike conversion strategy has historically performed well in markets characterized by some positive momentum, moderate volatility, and healthy levels of market participation. A reduction in volatility from its current mid-70's level back to its long run average in the mid/high-20's would be considered favorable. A few consecutive trading days of positive market directionality would be considered positive as well.

117. What is your total return expectation from now end of year (Libor +/- ?)

Historically Sentry has delivered an annual net return of between 300 to 600 basis points above 90 day U.S. Treasury Bills and is on track to do so again in 2008.

118. What kind of strategy you are following now (where do you see growth potential, Cash holding?)

Fairfield Sentry Limited seeks to obtain capital appreciation of its assets principally through the utilization of a non-traditional options trading strategy described as "split strike conversion". The strategy is designed to identify and profit from short periods of positive momentum in large-cap U.S. equities on a hedged basis. The establishment of a typical position entails (i) the purchase of a group or basket of equity securities that are intended to highly correlate to the S&P 100 Index, (ii) the purchase of out-of-the-money S&P 100 Index put options with a notional value that approximately equals the market value of the basket of equity securities, and (iii) the sale of out-of-the-money S&P 100 Index call options with a notional value that approximately equals the market value of the basket of equity securities. During periods of time when the strategy has not been implemented in this combination stock/options position, it is invested in a laddered portfolio of short-dated U.S. Treasury Bills.
The Fund has protected capital well during the recent severe sell-off in U.S. equities by remaining invested in short-dated U.S. T-Bills. The Fund has been invested in T-bills since September 16, 2008. This is a key form of risk management and has been a core technique applied since inception of the Fund in 1990.

119. What kind of economical environment in the near future would help your strategy?

The split-strike conversion strategy has historically performed well in markets characterized by some positive momentum, moderate volatility, and healthy levels of market participation. Even during protracted bear markets, the Fund has been able to generate positive returns by identifying and capturing brief “bear market rallies.” A reduction in volatility from its current mid-70’s level back to its long run average in the mid/high-20’s would be considered favorable. A few consecutive trading days of positive market directionality would be considered positive as well.

120. What kind of economical environment in the near future would worsen your strategy?

Markets characterized by lengthy periods of stagnant, trendless or purely negative directional markets accompanied by very low levels of market participation and either very low or very high levels of volatility are generally considered less favorable for the split-strike conversion’s bull-spread investments.

121. What kind of problems/opportunities you see for the Hedge Fund Industry?

The Fund has historically been able to successfully identify and capture periods of positive momentum even during declining markets (known as “bear market rallies”) and it is the opinion of the Investment Manager that the Fund is positioned to continue to do so in the current environment.

122. How are the short term gains established?

The primary source of alpha generation can be attributed to the ability to consistently and reliably identify brief periods of positive momentum in large cap US equities and optimally construct and unwind a combination of stock and options positions to profit from this, and an ability to efficiently and effectively execute the trades of the Strategy with minimal market impact using a sophisticated order entry and execution platform.

123. How highly is the portfolio hedged?

The hedging of the portfolio of long-only stocks is achieved with an options collar. When a basket of stocks is purchased, a protective put is always purchased, with the notional value of the long S&P 100 Index put options that approximates the market value of the underlying basket. The sale of out of the money S&P 100 Index call normally
finances a large part of the purchase of the protective put and enhances the “stand still” rate of return.

124. Is it possible to give me an example of “investment returns which are uncorrelated to market movements and trends”?

Fairfield Sentry Limited has a low correlation to the S&P 100 Index of 0.33 since inception. This signifies that the correlation of the Fund to a variety of economic, risk and asset class factors has historically been low. For example, Sentry’s correlation to the S&P 100 Index is 0.33 since inception while its correlation to many other hedge fund indices is also low or negative. This means that Sentry’s co-movement with these factors has been low and has made Sentry an attractive risk diversifier when added to an existing portfolio.

6) VALUATION/PRICING

125. Describe your NAV process.

The Fund’s NAV is computed independently by Citco, the Fund’s third party administrator. Citco independently verifies pricing and trading and reconciles with the prime broker and manager on a monthly basis. The Finance group at FGG reviews and verifies the NAV. Citco independently produces the official share valuation at month-end.

126. Detailed description of NAV calculation

Citco Global Custody serves as the custodian of Fairfield Sentry Limited ("Sentry" or the "Fund"). Pursuant to a sub-agreement, Bernard L. Madoff Investment Securities LLC ("BLM") serves as the sub-custodian of the assets of the split-strike conversion strategy. The Fund’s NAV is computed independently by Citco, the Fund's third party administrator. The procedure of NAV calculation is as follows:

- The Fund's transactions are booked from bank and broker statements when received;
- At month-end, the portfolio and cash is reconciled against bank and broker statements;
- The portfolio is then priced. Citco has a pricing unit that prices all securities independently, utilizing three pricing sources: Reuters, Bloomberg, and IDC;
- Capital activity (subscriptions/redemptions) are recorded;
- Income and expense accruals are calculated;
- Financial statements are prepared;
- Statement undergoes a verification process and is then authorized for publication for Investment Manager review by a Senior Account Manager;
- The Finance Group of the Investment Manager also recalculates the NAV and verifies for accuracy;
Upon agreement of the Investment Manager, Citco distributes the NAV to Shareholders and interested parties.

127. Describe your pricing policy?

Listed securities are valued at the last reported bid price if owned and asked price if sold short on the last business day of the valuation period.

Unlisted securities are valued at their fair values as determined by management in consultation with the Investment Manager in accordance with recognised accounting and financial principles. In this respect, investments in other investment companies are valued at the net asset value per share on the day of valuation as calculated by the related administrators, unless the directors are aware of good reasons why such valuation would not be the most appropriate indicator of fair value.

128. Who is responsible for valuation of positions? How are positions priced? Describe the pricing process / methodology for obtaining third party broker quotes (typical with converts or distressed debt)

Citco has a pricing unit that prices all securities independently. They utilize three pricing sources: Reuters, Bloomberg and IDC. These prices are reconciled with the broker and Investment Manager and verified by the Finance Group at Fairfield Greenwich (Bermuda) Ltd.

129. Are there any investments in the portfolio that you would consider difficult to price? Describe the process for pricing those investments.

The investments of the split-strike conversion strategy are very liquid and can be readily priced.

130. Is the NAV reviewed by an external party (auditor, administrator)? How often is it reviewed?

PWC is the auditor for the Fund and conducts semi-annual and annual audits.

131. Who reviews the fund's management, incentive and administrative fees?

Citco calculates management, performance and administrative fees and makes disbursements on behalf of the Fund.

132. Has the fund ever been required to restate NAV’s, fees or other calculations? If yes, please explain why.

No.

133. Has their ever been a material difference in pricing between FGG and BLM?
No material difference in pricing between FGG & BLM

7) PRIME BROKER

134. Please provide us with any details about investment/trading teams at BLM (staff number, executives’ names, structure or any other relevant information).

Fairfield Greenwich (Bermuda) Ltd. ("FGBL") is the Investment Manager of Fairfield Sentry Limited. FGBL has established trading accounts for Fairfield Sentry Limited with Bernard L. Madoff Investment Securities LLC ("BLM"). The split strike conversion strategy ("SSC") is implemented by Bernard L. Madoff Investment Securities LLC, a broker-dealer registered with the Securities and Exchange Commission, through accounts maintained by the Fund at that firm.

Bernard L. Madoff heads BLM and oversees all activities of that organization. Although there are a number of people involved in the decision making process, Bernard L. Madoff heads the team responsible for model maintenance and trade execution and he is the ultimate decision maker. Brief biographies of the two senior members of this organization are provided below.

Bernard L. Madoff founded the investment firm that bears his name in 1960. He graduated from Hofstra University with a Bachelor of Science degree and attended Brooklyn Law School. His brother, Peter B. Madoff, joined the firm in 1970. Peter B. Madoff received his Bachelor of Arts degree from Queens College and his Juris Doctorate from Fordham University School of Law. While building the firm into a significant force in the securities industry, they have both been deeply involved in leading the dramatic transformation that has been underway in U.S. securities trading.

Bernard L. Madoff has been a major figure in the National Association of Securities Dealers (NASD), the major self-regulatory organization for U.S. broker/dealer firms. The firm was one of the five broker/dealers most closely involved in developing the NASDAQ Stock Market. He has been Chairman of the Board of Directors of the NASDAQ Stock Market as well as a Member of the Board of Governors of the NASD and a Member of numerous NASD committees. He currently serves as Member of the SEC’s Advisory Committee on Market Information and Member of the London Stock Exchange.

Peter B. Madoff has also been deeply involved in the NASD and other financial services regulatory organizations. He has served as Vice Chairman of the NASD, a Member of the Board of Governors, and Chairman of the New York region. He also has been actively involved in the NASDAQ Stock Market as a Member of its Board of Governors and its Executive Committee and as Chairman of its trading committee. He has also been President of the Security Traders Association of New York. He is a Member of the Board of Directors of the Depository Trust and Clearing Corp. He is a Member of the Board of the Securities Industry Association.
135. Who is shareholder of BLM?

Bernard L. Madoff heads BLM and oversees all activities of that organization. Bernard L. Madoff Investment Securities LLC has over $700 million of shareholder capital and in excess of 95% of this is controlled by Bernard L. Madoff.

136. Is there any share relationship between FGG and BLM?

Fairfield Greenwich (Bermuda) Ltd. ("FGGL") is the Investment Manager of Fairfield Sentry Limited. FGGL has established trading accounts for Fairfield Sentry Limited with BLM. The split strike conversion strategy is implemented by BLM, a broker-dealer registered with the Securities and Exchange Commission, through accounts maintained by the Fund at that firm. BLM is the prime broker. BLM earns brokerage commissions in its role as execution agent. FGGL earns performance and management fees in its role as Investment Manager. Neither BLM nor FGGL share in the fees or commissions of the other. Additionally, the Principals of each firm do not hold any economic interest in the equity of the other.

137. Are there any investigations by any government agency or self regulatory body in process against BLM? Have there been any in the past?

BLM is regulated by the NASD and SEC. To our knowledge there have not been any material fines or actions against BLM. This information is a matter of public record and can be found on the NASD and SEC websites.

138. To what extent are we exposed when BLM goes bankrupt or fails in another event? What kind of event at BLM would hurt the fund?

Fairfield Greenwich (Bermuda) Limited ("FGGL") serves as the Investment Manager of the Fairfield Sentry Limited ("Sentry" or the "Fund"). Limited-discretionary trading accounts have been set-up for the Fund at Bernard L. Madoff Investment Securities LLC ("BLM") to trade the assets of the split-strike conversion strategy ("SSC"). These cash accounts do not permit the use of margin or borrowings against assets in the accounts and are segregated from other non-Sentry accounts at BLM (ie. no co-mingling of assets).

139. What level of cost savings are made per annum by trading with BLM direct instead of the stock exchange?

The Fund pays BLM a per stock and per options contract commission for trade execution and other services that they provide such as the algorithms and models that help determine the appropriate price and time to enter and exit the strategy.

140. What is the key person risk at BLM? Please describe the personnel contingency plan?
Bernard L. Madoff heads BLM and oversees all activities of that organization. Although there are a number of people involved in executing the trades of the SSC strategy, Bernard Madoff (the individual) heads the team responsible for model maintenance and trade execution and he is the ultimate decision maker. We believe that a number of other people at that organization are capable of assuming his role including his sons and other long time employees.

141. Remuneration structure of the manager, manager participation in the fund? Both for Fairfield Greenwich and BLM.

BLM earns brokerage commissions in its role as Execution Agent. FGBL earns performance and management fees in its role as Investment Manager. Neither BLM nor FGBL share in the fees or commissions of the other. Additionally, the Principals of each firm do not hold any economic interest in the equity of the other.

The Partners of FGL have invested a significant amount of their liquid net worth in FGG products, including deferring a sizable portion of their compensation in the Fund.

142. What are the Risk limits/Guidelines placed with BLM?

Fairfield Greenwich (Bermuda) Ltd. ("FGBL") is the Investment Manager of Fairfield Sentry Limited. FGBL has established limited-discretion accounts for Fairfield Sentry Limited with Bernard L. Madoff Investment Securities LLC ("BLM"). The split strike conversion strategy is implemented by BLM, a broker-dealer registered with the Securities and Exchange Commission, through accounts maintained by the Fund at that firm and BLM serves as the executing broker.

These accounts are subject to certain guidelines which, among other things, impose limitations on the composition of stocks in the basket, the minimum market capitalization of the stocks in the basket, the minimum correlation of the basket against the S&P 100 Index, and the permissible range of option strike prices. Subject to the guidelines, BLM is authorized to determine the price and timing of stock and option transactions in the account.

In its role as Investment Manager of Sentry, FGBL reviews, approves and monitors these operating guidelines and risk limits. Additionally FGBL is responsible for the management of the Fund's investment activities, monitoring its investments and maintaining the relationship between the Fund and its custodian, administrator, registrar, and transfer agent. It is responsible for ensuring that the split strike conversion strategy is implemented according to the fixed set of criteria and investment parameters as indicated in the Fund's operating guidelines and terms and conditions.

143. Can you confirm the status of the accounts at BLM in terms of segregation? If they are segregated, how is it done? How can it be verified?
Fairfield Greenwich (Bermuda) Ltd. ("FGBL") serves as the Investment Manager of Sentry and has established 'limited-discretion' accounts at BLM to hold the assets of the SSC strategy. As such, Sentry is a customer of BLM and BLM acts as a broker for the purposes of executing the trades of the SSC. Sentry's assets held at BLM are segregated from other customer assets at BLM.

FGBL has authorized BLM to execute the assets in these segregated accounts under strict operating guidelines and risk limits. Among other things, these trading rules place limits on permissible instruments, composition of the stock basket, correlation and market capitalization of the stock basket and strike price and tenor of the options positions. BLM must abide by these limits and FGBL utilizes its full position and transaction transparency to conduct daily investment compliance checks.

The majority of the assets of the Fund are held in cash accounts at BLM. These include the equities and the U.S. Treasury Bills and there cannot be any borrowing or hypothecation against these assets nor can they be lent by BLM. A small portion of the assets are held in margin accounts at BLM and these margin accounts only hold the long S&P 100 Index put options and the short S&P 100 Index call options.

BLM has the discretion to determine the time and price of the trades. BLM also arranges for the trade execution of the equities, options and short-dated U.S. Treasury Bills.

144. What actions have you taken to ensure the solvability of Bernard L. Madoff Investment Securities LLC?

Both the custodian and BLM have contractually agreed to segregate all of the fund's assets and designate all assets of the fund as belonging to the fund and not the custodian or BLM, as the case may be. In the event of an insolvency of either the custodian or BLM, if such parties have properly segregated the fund's assets, such assets should be insulated from the claims of third party creditors to such parties.

Fairfield Sentry Limited has established 'limited-discretion' accounts at Bernard L. Madoff Investment Securities LLC ("BLM") to house the assets of the split strike conversion strategy. The majority of the assets of the fund are held in cash accounts at BLM. These include the fully paid equities and U.S. Treasury Bills and there cannot be any borrowing against these assets nor can they be lent by BLM. A small portion of the assets are held in margin accounts at BLM. These include the long S&P 100 Index put options and the short S&P 100 Index call options. These accounts are segregated from other accounts at BLM. If BLM were to befall extreme financial hardship (for example, bankruptcy) or if any third party creditor were to have a claim against BLM, the assets in these cash accounts could not be accessed by any third party creditor, although with respect to margin accounts the fund would only have a customer claim equal to the net equity value in such accounts.

BLM is a member of SIPC (Securities Investor Protection Corporation). The cash and securities - such as stocks and bonds - held by a customer at a financially troubled
brokerage firm are protected by SIPC to a certain extent. In the event of BLM's insolvency, SIPC can either (i) appoint a trustee other than SIPC for the liquidation of the broker/dealer, (ii) appoint itself as trustee for the liquidation or (iii) in very small cases, pay customers without the appointment of a trustee. Generally SIPC is required to appoint a third party trustee in any large insolvency. The Trustee would determine that the equities and short-dated U.S. Treasury Bills in Sentry's cash accounts, if properly segregated should be considered 'customer property' and should not be considered 'general property' of the failed broker used to pay the claims of any third party creditor or other clients. Note that a period of time may elapse between the actual insolvency of a broker/dealer and when SIPC appoints a trustee, although once SIPC is aware of a problem it generally acts quickly. The SIPC Trustee would step in and arrange for the orderly transfer of assets in these accounts to a new viable broker.

145. We understand that the fund is using Bernard L. Madoff Investment Securities LLC as an execution broker, but is the fund and its accounts authorized to trade with Bernard L. Madoff Investment Securities LLC as counterpart? Can Bernard L. Madoff Investment Securities LLC make two accounts trade against each other?

The accounts of the Fund at BLM do not trade with BLM as a counterparty. In other words, neither BLM’s market making nor proprietary trading activity interacts with the order flow generated by the trades of the SSC strategy. Additionally, the group at BLM responsible for executing the SSC strategy are both physically and operationally separate from the groups at BLM responsible for proprietary trading and market making. They work on different floors and cannot access the work space of the other groups; they have separate business managers and risk managers, separate P&L, use separate trading systems and independently enter trades into the order entry system. Customer orders receive priority over proprietary orders at BLM.

To our knowledge, BLM also executes the SSC strategy for other customers and allocates the trades of the SSC pro-rata based on the amount of assets in each customers’ account. BLM enters and exits the SSC uniformly for all customers. As such, BLM cannot cause two SSC customers to trade against each other.

146. What are the disaster recovery plans in place for the computer program at BLM?

Madoff Securities maintains a fully equipped and staffed facility located near LaGuardia Airport. This office duplicates all of the features of the primary Madoff Securities offices. Madoff Securities’ disaster recovery facility is not just an alternative trading room, but rather a full-fledged office which is equipped to receive and transact orders and to handle the clearing and settlement process as well.

The disaster recovery facility is on a different electric power grid than the main office, and it is served by a different telephone central office. The facility also has its own electrical generator.
147. What agreements are signed with BLM?

Customer agreement, options agreement and trading authorization directives

148. What are the termination clauses within the agreement with BLM?

A pro forma severability provision, but no specific termination clauses

149. Who makes the decisions in regards to purchasing the US Treasuries, in terms of maturity etc

BLM decides what US Treasuries to buy in compliance with the Funds operating guidelines.

150. What are the trigger limits to implement the “strategy” for BLM?

A favourable environment to implement the strategy is one where the market is bullish, there is higher market participation, positive momentum, more liquidity of the market, and out performance of large cap stocks over small cap stocks. Those are some of the quantitative factors, however, there are also qualitative considerations (trader’s instinct & professional judgement) that are part of the decision regarding when to enter and exit the strategy.

151. Who are the counterparties of the OTC puts Madoff purchased from? Do not need to know that exact names, but can we get a sense on the types?

There is a master options agreement for the OTC options used in the strategy. Counterparty risk is diversified amongst approximately 15 options counter-parties in order to reduce exposure to any one counter party. We do not give out the names of the counterparties used but they are all well established large financial institutions. All counterparties are rated A or better and they are not affiliated with Madoff.

152. How much has Sentry paid Madoff in brokerage fees (yearly average since inceptions + 2006 YTD)?

The brokerage ratio is about 90 bps range recently, maybe a little higher than that in previous years but not significantly.

153. What regulatory agencies is BLM registered with?

To our knowledge, Bernard L. Madoff Investment Securities, LLC (“BLM”) is subject to the supervision of the following regulatory authorities and/or exchanges:

Securities and Exchange Commission (“SEC”)
National Association of Securities Dealers (“NASD”)
National Association of Securities Dealers Automated Quotations (“NASDAQ”)
National Stock Exchange ("NSX")

As a Registered Investment Advisor, BLM is subject to the SEC Investment Advisors Act of 1940. As a regulated broker/dealer, BLM is subject to the Securities Exchange Act of 1934.

154. Why doesn’t BLM trade the SSC for their own prop capital and keep all profits for themselves rather than serving as execution agent which only earns commissions?

There are two reasons:

a) BLM has mentioned that the firm has grown for 47 years quite successfully by doing business with clients on the basis that BLM does not compete with them. This applies to the market making business as well as the investment advisory business. For this reason, they do not apply the SSC in the prop trading portion of the business. They do not have, and have no interest to build, a marketing organization (personnel, systems, offices, communications, etc.) to reach and service a global client base consisting of many thousands of investors.

b) It is economically more attractive for BLM to generate brokerage commissions on a larger asset base than investment returns on a smaller prop capital asset base:

Scenario 1: approximate revenue to BLM from serving as execution agent of the SSC only (ie not trading the SSC for their prop capital):

- approx $20 bb in overall SSC assets across all accounts x 0.90% brokerage ratio = $180MM gross revenues

- no capital at risk since BLM serves only as agent (his clients bear all the investment risk)

- BLM can focus on algorithms and execution (the two alpha drivers) and leave all other aspects of fund management to others

Scenario 2: approximate revenue to BLM of trading the SSC for his own prop capital:

- approx $700MM of firm capital

- assume 100% of this is invested in the SSC (not a wise move from a diversification perspective)

- assume BLM generates a gross return of 11% on these assets (average over past 4 years has been 10.86% net of commissions).

- $700MM x 11% = $77MM gross return
- BLM bears all of the investment risk

- the realistic gross revenue number is probably a lot less than this since it is unlikely that BLM would want to commit 100% of their prop capital to this strategy exclusively.

155. Please provide a list of the type of agreements Sentry has with BLM?

Customer agreement - account opening docs.
Trading authorization - establishes the program parameters and risk limits relating to the stock basket. Serves to 'limit' BLM's discretion to the instrument types and activity defined in this agreement.
Terms and conditions for options - establish parameters relating to the long protective puts and short covering calls. Also serves to 'limit' BLM's discretion to only certain strikes.
Options agreement - disclosures outlining certain risks associated with options transactions.
Master options agreement - sample agreement that BLM enters into with the various OTC options counterparties that outlines the terms of the broad-based standardized index options.

156. Does Fairfield have an exclusive contract of SSC strategy with Madoff? Can Madoff provide SSC strategy to others including its own proprietary account?

It is estimated that there are more than 10 other accounts at BLM executing about $18 billion in the split strike conversion strategy. BLM has grown quite successfully by doing business with clients on the basis that the Firm does not compete with them. This applies to the market making business as well as the investment advisory business. It is our understanding that, for this reason, they do not apply the SSC in the prop trading portion of their business. We have been informed that BLM does not currently have, nor have any interest to build, a marketing organization (personnel, systems, offices, communications, etc.) to reach and service a global client base consisting of many thousands of investors.

157. How does Madoff, not Fairfield, control capacity of SSC strategy?

We believe that the total assets executed in the SSC have grown largely organically since 2000. The SSC account holders can replace redemptions with subscriptions. Due to a higher than normal level of redemptions recently, Fairfield Sentry Limited is currently accepting subscriptions. After replacing these redemptions, the Investment Manager believes that the Fund can continue to grow organically from current levels for the foreseeable future.

158. What is the fee-structure between Fairfield and Madoff?
BLM earns brokerage commissions in its role as execution agent. FGBL earns performance and management fees in its role as Investment Manager. Neither BLM nor FGBL share in the fees or commissions of the other.

159. If the custodian or BLM goes into bankruptcy, how will FGG deal with the situation? How long does it take to transfer the assets to another custodian/broker?

"Both the custodian and BLM have contractually agreed to segregate all of the fund's assets and designate all assets of the fund as belonging to the fund and not the custodian or BLM, as the case may be. In the event of an insolvency of either the custodian or BLM, if such parties have properly segregated the fund's assets, such assets should be insulated from the claims of third party creditors to such parties."

Fairfield Sentry Limited has established 'limited-discretion' accounts at Bernard L. Madoff Investment Securities LLC ("BLM") to house the assets of the split strike conversion strategy. The majority of the assets of the fund are held in cash accounts at BLM. These include the fully paid equities and U.S. Treasury Bills and there cannot be any borrowing against these assets nor can they be lent by BLM. A small portion of the assets are held in margin accounts at BLM. These include the long S&P 100 Index put options and the short S&P 100 Index call options. These accounts are segregated from other accounts at BLM. If BLM were to befall extreme financial hardship (for example, bankruptcy) or if any third party creditor were to have a claim against BLM, the assets in these cash accounts could not be accessed by any third party creditor, although with respect to margin accounts the fund would only have a customer claim equal to the net equity value in such accounts.

BLM is a member of SIPC (Securities Investor Protection Corporation). The cash and securities - such as stocks and bonds - held by a customer at a financially troubled brokerage firm are protected by SIPC to a certain extent. In the event of BLM's insolvency, SIPC can either (i) appoint a trustee other than SIPC for the liquidation of the broker/dealer, (ii) appoint itself as trustee for the liquidation or (iii) in very small cases, pay customers without the appointment of a trustee. Generally SIPC is required to appoint a third party trustee in any large insolvency. The Trustee would determine that the equities and short-dated U.S. Treasury Bills in Sentry's cash accounts, if properly segregated should be considered 'customer property' and should not be considered 'general property' of the failed broker used to pay the claims of any third party creditor or other clients. Note that a period of time may elapse between the actual insolvency of a broker/dealer and when SIPC appoints a trustee, although once SIPC is aware of a problem it generally acts quickly. The SIPC Trustee would step in and arrange for the orderly transfer of assets in these accounts to a new viable broker.

160. Can the clients redeem during the assets transfer process?
Fairfield Sentry Limited will not have access to its account until after the transfer process has been completed. As a result, an investor would be unable to pay redemption proceeds unless it had sufficient cash in its account with Citco Bank Nederland NV.

161. Please provide details of BLM's disaster recovery capabilities?

Bernard L. Madoff Investment Securities LLC ("BLM") maintains a fully equipped and staffed facility located near LaGuardia Airport, in Queen's NYC. This office duplicates all of the features of the primary BLM offices. BLM's disaster recovery facility is not just an alternative trading room, but rather a full-fledged office which is equipped to receive and transact orders and to handle the clearing and settlement process as well. The disaster recovery facility is on a different electric power grid than the main office, and it is served by a different telephone central office than that used by the main trading room in midtown Manhattan. The facility also has its own electrical generator.

162. Please provide information on Counterparty Risk.

The principal method applied to control counterparty credit risk is via an assessment of creditworthiness and strict credit diversification limits. The options trades may be spread across more than fifteen derivatives dealers and international banks and no single counterparty can represent more than 10% of the exposure. BLM serves as Agent in these options transactions and receives performance assurance on behalf of the Fund in the form of T-Bills. This performance assurance is collected from any option counterparty that has sold S&P 100 Index puts to the Fund.

163. If an options counterparty defaults when markets are up, is there no problem?

That is correct; the primary risk of counterparty failure is when the market goes down.

164. Can there be a 'domino effect' between different counterparties leading to several defaulting at the same time?

There is clearly a level of general commercial interconnectedness between financial firms and the distress experienced by one firm could conceivably have ramifications on other firms.

165. We know from prior enquiries that some of the Fund’s holdings / AUM are held by Madoff Sec's. Is this still the case / Are we comfortable with this given stress on broker/dealers?

It is the view of the Investment Manager that BLM continues to operate as a viable going concern and is in sound financial health. Please refer to the attached 2007 audited financial statements of BLM filed with the SEC in which is disclosed BLM's strong equity base of $668MM.
Fairfield Sentry Limited has established 'limited-discretion' accounts at Bernard L. Madoff Investment Securities LLC ("BLM") to house the assets of the split strike conversion strategy. The majority of the assets of the fund are held in cash accounts at BLM. These include the cash market equities and the U.S. Treasury Bills and there cannot be any borrowing against these assets nor can they be lent by BLM. A small portion of the assets are held in margin accounts at BLM. These include the long S&P 100 Index put options and the short S&P 100 Index call options. These accounts are segregated from other accounts at BLM. If BLM were to befall extreme financial hardship (for example, bankruptcy) or if any third party creditor were to have a claim against BLM, the assets in these cash accounts could not be accessed by any third party creditor. As such, the cash accounts at BLM are afforded a very high degree of protection.

BLM is a member of SIPC (Securities Investor Protection Corporation). The cash and securities - such as stocks and bonds - held by a customer at a financially troubled brokerage firm are protected by SIPC. In the event of BLM's insolvency, SIPC can either (i) appoint a trustee other than SIPC for the liquidation of the broker/dealer, (ii) appoint itself as trustee for the liquidation or (iii) in very small cases, pay customers without the appointment of a trustee. Generally SIPC is required to appoint a third party trustee in any large insolvency. The Trustee would determine that the equities and short-dated U.S. Treasury Bills in Sentry's cash accounts are 'customer property' and could therefore not be considered 'general property' of the failed broker used to pay the claims of any third party creditor or other clients. Note that a period of time may elapse between the actual insolvency of a broker/dealer and when SIPC appoints a trustee, although once SIPC is aware of a problem it generally acts quickly.

166. **What is the firm capital at BLM?**

About $700 million in firm capital.

167. **Who are the shareholders at BLM?**

Bernard L. Madoff owns 100%.

168. **Please provide number of employees per department at BLM?**

300 employees of which 275 are based in NYC. The majority are employed in the trading group and about 80 people are involved in back office operations and data connectivity. Another 15 people are employed in the Investment Advisory business that executes the SSC.

169. **Who is the compliance officer at BLM?**

Peter Madoff is Chief Compliance Officer

170. **Who is the risk officer at BLM?**
The firm's Risk Committee meets daily and is chaired by BLM.

171. Who is the Accountant at BLM?

Enrica Pitz – Controller

172. Growth in number of employees at BLM?

The firm has employed between 275 and 300 people for the past five years

173. Change in AUM at BLM?

It is the view of the Investment Manager that about $20 billion is executed in the split-strike conversion strategy. We believe that the total assets executed in the SSC have grown organically since 2000.

174. Capacity of the strategy?

The fund is currently accepting subscriptions. The Investment Manager believes that the Fund can continue to grow organically from current levels for the foreseeable future.

175. Amount of BLM’s own capital in the strategy?

BLM does not invest any proprietary capital in the SSC.

176. Staff departures (%)?

FGBL, Investment Manager of Fairfield Sentry Limited, has had no staff turnover over the past 5 years.

177. Can Sentry’s assets be con-mingled with other assets at BLM?

With reference to the co-mingling of assets, the accounts are cash accounts in the name of Fairfield Sentry Limited. There cannot be any borrowing against these assets nor can they be lent by BLM. Additionally, these accounts are segregated from other accounts at BLM. If BLM were to befall extreme financial hardship (for example, bankruptcy) or if any third party creditor were to have a claim against BLM, the assets in these cash accounts could not be accessed by any third party creditor. As such, the cash accounts at BLM are afforded a very high degree of protection.

178. What if BLM stops delivering its services to the fund?

On page 10 of Sentry’s PPM, we state that “The services of BLM and its personnel are essential to the continued operation of the Fund, and its profitability, if any.” It is the proprietary models and algorithms which signal entry and exit opportunities that have been in place for more than 17 years that are essential to the execution of this strategy.
If BLM were to withdraw from its role as executing broker of the SSC, the Fund would notify shareholders. The Fund offers monthly redemption with 15 calendar days notice.

8) LEGAL/COMPLIANCE

179. Is there a key man clause?

There is no key man clause.

180. Legal Action against Fairfield Greenwich Group ("FGG"), Fairfield Greenwich (Bermuda) Ltd. (FGBL) and related person

There have been no material, criminal, civil or administrative proceedings settled by the Fairfield Greenwich Group ("FGG") or Fairfield Greenwich (Bermuda) Ltd. ("FGBL"), its funds, or any of its principals in the past.

181. Illegal activity of FGG, FGBL and related person

There are no material, criminal, civil or administrative proceedings pending or threatened against FGG, FGBL, its funds, or any of its principals.

182. How out of the money can the options be?

Options will be less than 1.5% out of the money at the time the equity orders are purchased.

183. What is the number of minimum number of stocks in the basket?

There are approximately 50 stock in the stock basket.

184. What is the minimum market capitalisation of the equities in the basket?

The minimum market cap of the equities is at least 75% of the S&P 100 Index.

185. What is the minimum correlation of the basket versus the S&P 100 Index?

The minimum correlation of the basket to the S&P 100 Index is at least 95%.

186. What is the permissible range of option strike prices?

Generally 10 Index points.
187. Have any of the operating guidelines been breached, if so how long did it take to rectify?

If the correlation of the Fund & the S&P 100 Index falls below 95%, we monitor the correlation on a real-time basis and if it continues to fall then we will exit the strategy.

188. What are the limits of the systematic investment compliance of Operating Guidelines?

The accounts are subject to certain guidelines which, among other things, impose limitations on the minimum number of stocks in the basket (35), the minimum market capitalization of the equities in the basket (75%), the minimum correlation of the basket against the S&P 100 Index (95%), and the permissible range of option strike prices (less than 1.5% out of the money). Subject to the guidelines, BLM is authorized to determine the price and timing of stock and option transactions in the account.

9) MISCELLANEOUS

189. Referrals/names of top institutional clients

Fairfield Sentry Ltd. has over 1,000 holders of record and many more underlying ultimate investors as some holders of record are Private Bankers. It is the Fund’s policy to not reveal the names of our shareholders; however the following have given us permission to do so:
Shell pension

190. What type of periodic analysis is carried out?

FGG has full position transparency and this is utilized to perform a range of market risk exposures - stress tests, scenario analysis, VaR analytics. We also monitor compliance.
Monthly and Weekly NAV Estimates
Monthly final NAV
Monthly aggregated risk reports
Monthly Tear Sheets
Monthly Strategy Review
Annual audit and semi-annual review of financial statements by independent auditor
Semi-annual investor letter

191. Why does the Fund use OTC options?

The number of S&P 100 Index options contracts necessary to notionally protect the market value of the stock basket would likely exceed the number normally traded on the liquid derivatives exchanges.
For this reason, the split strike conversion strategy typically uses OTC options contracts to construct the options collar. These trades are spread among a number of well known international banks who serve as the derivatives counterparties.

192. How do we differentiate Sentry from other SSC clones?

**One Regent Perinvest**

MF 1.2%
PF 15% with a 5% hurdle
UK based Investment Manager
Fund was launched in Oct-02
(don't have the AUM)

Excluding the impact of Non-SSC investments, an investor should be indifferent between Sentry and One Regent when the SSC grosses 2.00% (ie. each fund nets 0.80%). All else equal, at gross returns greater than this One Regent offers a higher net return. Due to the 5% PF hurdle, a second fee indifference point occurs at a gross return of 5.5% at which point both Sentry and One Regent net about 3.6%.

At 11% gross, One Regent should earn 8.33% vs Sentry's 8% -- an 33bps differential. To put this into context, over the last 6 years from 2002 to 2007, Sentry's average gross return was 10.86%.

At a high level, FGG's value contribution centers on:
1) Investment in systems and infrastructure to collect positions and trade information

2) Process and analyse this information to conduct:
   a) Daily compliance monitoring of all trade activity against compliance limits
   b) Performance measurement and attribution analysis
   c) Comprehensive risk oversight using all positions and returns

3) Operatioenal DD of BLM using information gathered over almost two decades working with that firm (including various trading agreements)

4) Ability to supply investors with a comprehensive reporting package to allow them to fulfill their fiduciary oversight of their investment in Sentry

5) Shadow reconciliation of all financial and accounting flows and valuations (the responsibility to produce the final and independent NAV remains with CITCO Fund Services)

6) Separately staffed Compliance and Legal function of 5 people that oversee the various legal and regulatory aspects of the Fund and it's service providers

We can provide samples of our full communications package:
- aggregated risk report (positions based)

- client risk report (returns based)

- P&L attribution by instrument type

- a variety of graphs and analyses that profile the performance of the Fund against a number of market variables

- current tear and backdated monthly letters and semi-annual letters

- an invitation of a video conference or webex to discuss the fund in more details and demo our oversight program.
We may also want to let them know that FGG has invested heavily in systems, infrastructure and personnel to oversee the investment, risk, accounting, legal and compliance aspects of the Fund. We are not aware of any other SSC fund that offers a similar package of oversight and communication.

**Optimal**

When SSC grosses 7%, an investor should be indifferent between Sentry and Optimal (not including impact of Non-SSC piece which in most years other than YTD 2008 has had a positive impact). At levels of gross return less than this, Sentry performs better and at levels greater than this Optimal performs better.

At 11% gross, Optimal should earn 8.85% vs Sentry's 8% -- an 85bps differential. To put this into context, over the last 6 years from 2002 to 2007, the average gross return was 10.86%.

At a high level, FGG's value contribution centers around:

1) Investment in systems and infrastructure to collect positions and trade information
2) Process and analyse this information to conduct:
   a) Daily compliance monitoring of all trade activity against compliance limits
   b) performance measurement and attribution analysis
   c) comprehensive risk oversight using all positions and returns
3) Operational DD of BLM using information gathered over almost two decades working with that firm
4) Ability to supply investors with a comprehensive reporting package to allow them to fulfill their fiduciary oversight of their investment in Sentry

We can provide samples of our full communications package:

- aggregated risk report (positions based)
- client risk report (returns based)
- P&L attribution by instrument type
- a variety of graphs and analyses that profile the performance of the Fund against a number of market variables
- current tear and backdated monthly letters and semi-annual letters
- an invitation of a video conference or webex to discuss the fund in more details and demo our oversight program.

**Savest**

This is another SSC fund executed by BLM. It is not one of the ones we’ve seen before, which leads me to believe that either it is a new account (but BLM informs us that he has not opened new accounts for several years), or it is an existing 'private account' which was packaged into a new fund. The disclaimer at the bottom of this tear sheet states that the performance figures presented (which begin in Jan 1992) are ‘proforma based on a similar account net of SAVEST fees.’ I’m not sure whose return stream they are using in this proforma, but since it starts in 1992 chances are very good that it is Sentry’s since I think Kingate, the next longest lived SSC fund, started in 1993. It would appear that SAVEST has a much shorter track record (I’d be curious when it was actually established) – which raises the question of whether this Fund has appropriate independent relationships and established systems and processes in place. We know of other SSC funds that self-administer – a very big red flag in our view. Only a full ppm review of SAVEST and a discussion with their management team can answer these questions.

SAVEST fees are 0.75% MF and 10% PF above a high water mark. This places SAVEST in the low cost category of SSC funds (other low cost SSC funds are listed below):

Kingate: 1.5% MF / 0% PF

Thema: 1.75% MF / 0% PF

Thybo: 1.75% MF / 0% PF

At a high level, FGG's value contribution centers on:

1) Investment in systems and infrastructure to collect positions and trade information

2) Process and analyse this information to conduct:
   a) Daily compliance monitoring of all trade activity against compliance limits
   b) Performance measurement and attribution analysis
   c) Comprehensive risk oversight using all positions and returns

3) Operational DD of BLM using information gathered over almost two decades working with that firm (including various trading agreements)
4) Ability to supply investors with a comprehensive reporting package to allow them to fulfill their fiduciary oversight of their investment in Sentry

5) Shadow reconciliation of all financial and accounting flows and valuations (the responsibility to produce the final and independent NAV remains with CITCO Fund Services)

6) Separately staffed Compliance and Legal function of 5 people that oversee the various legal and regulatory aspects of the Fund and it’s service providers

We can provide samples of our full communications package:
- aggregated risk report (positions based)
- client risk report (returns based)
- P&L attribution by instrument type
- a variety of graphs and analyses that profile the performance of the Fund against a number of market variables
- current tear and backdated monthly letters and semi-annual letters
- an invitation of a video conference or webex to discuss the fund in more details and demo our oversight program.

As you may know, FGG has invested heavily in systems, infrastructure and personnel to oversee the investment, risk, accounting, legal and compliance aspects of the Fund. We are under the impression that no other SSC fund offers a similar package of oversight and communication.

193. What is Sentry's Administration & Custody Fee?

Sentry admin is 6bps and custody is 1bps. Greenwich sentry is 6bps on first 50mm and then 3bps. There is no custody for Greenwich Sentry.

194. Please provide some information with examples on the strategy and the options collar.

Fairfield Sentry Limited ("Sentry" or the "Fund") seeks to obtain capital appreciation of its assets principally through the utilization of a non-traditional options trading strategy described as "split strike conversion," to which the Fund allocates the predominant portion of its assets. Set forth below is a description of the split-strike conversion strategy ("SSC").

The establishment of a typical position entails (i) the purchase of a group or basket of equity securities that are intended to highly correlate to the S&P 100 Index, (ii) the purchase of out-of-the-money S&P 100 Index put options with a notional value that approximately equals the market value of the basket of equity securities, and (iii) the sale of out-of-the-money S&P 100 Index call options with a notional value that approximately equals the market value of the basket of equity securities. An index call option is out-of-the-money when its strike price is greater than the current price of the index; an index put
option is out-of-the-money when the strike price is lower than the current price of the index. The basket typically consists of about 50 stocks in the S&P 100 Index.

The primary purpose of the long put options is to limit the market risk of the stock basket at the strike price of the long puts. The primary purpose of the short call options is to largely finance the cost of the put hedge and to increase the stand-still rate of return. This position in its entirety could be characterized as a bull spread which, presuming the stock basket highly correlates to the S&P 100 Index, is intended to work as follows: (i) it sets a floor value below which further declines in the value of the stock basket is offset by gains in the put options, (ii) it sets a ceiling value beyond which further gains in the stock basket are offset by increasing liability of the short calls, and (iii) defines a range of potential market gain or loss.

Eg: In January 2008, the Fund began its first implementation of the strategy for the year. Shortly after the Fed rate cut, the Fund built a partially invested position in the strategy by buying a typical portfolio of S&P 100 Index stocks and an associated options collar with a Feb 600-610 collar. This position was held for the remainder of the month. The Fund returned 0.63% in January.

In February 2008, the Fund continued the first implementation of the SSC that was initially implemented in January. Prior to options expiration, the Feb 600-610 collar was unwound and replaced with a Mar 620-630 collar. The stock basket remained intact. This position was held for the remainder of the month. The Fund returned 0.06% in February 2008.

In March 2008, the Fund began the month with a partially invested position in the SSC. During March, the stock and options positions were methodically unwound. Both the basket of S&P 100 Index stocks and the previously constructed March expiration options collar (Mar 620-630) were liquidated during a single trading day and the proceeds were invested in short-dated U.S. Treasury Bills which were held for the balance of the month. This concluded the first implementation cycle of the Strategy for the year. The Fund returned 0.18% in March 2008.