

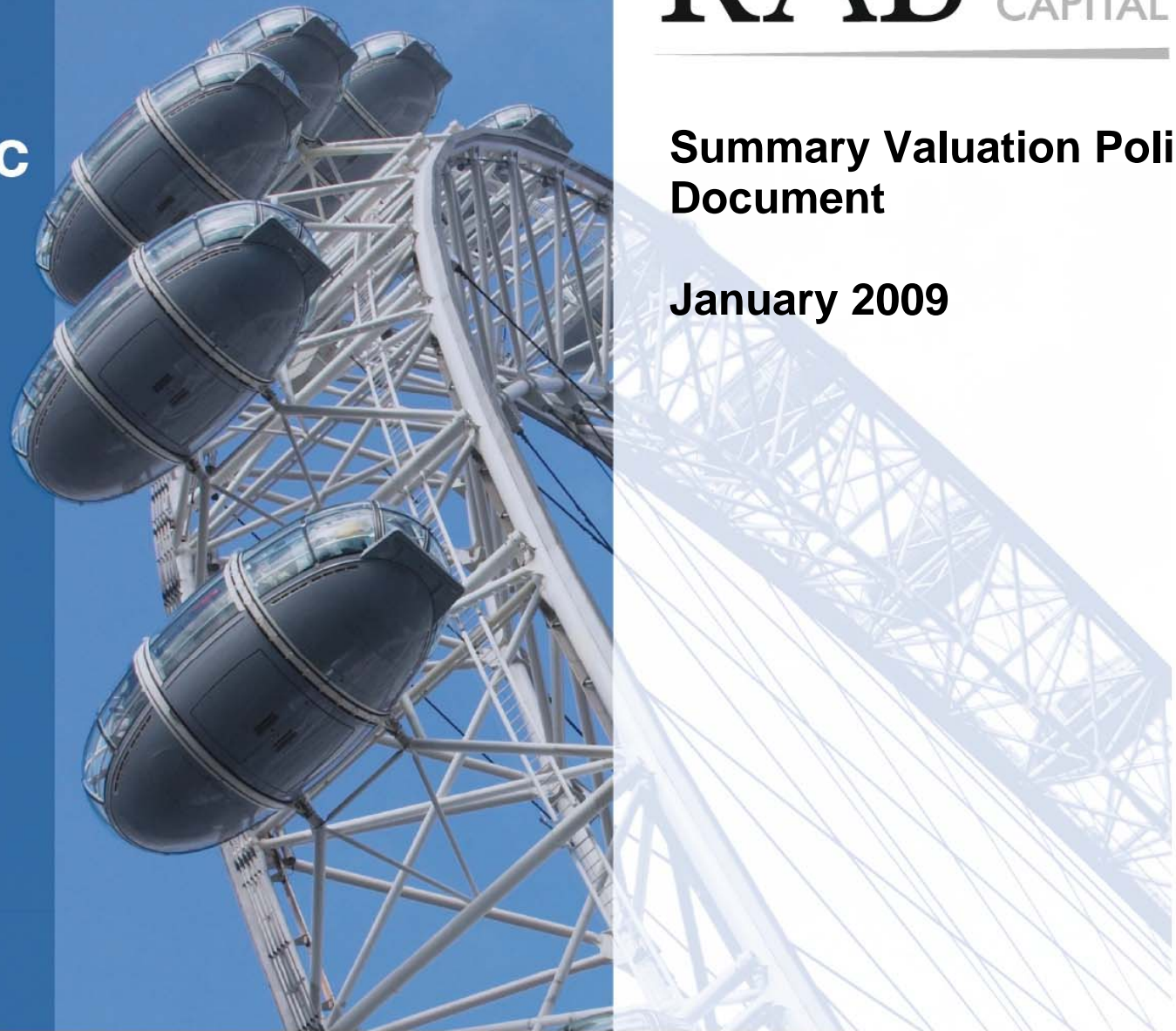
**RAB Capital plc**

**RAB** CAPITAL

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**Summary Valuation Policy  
Document**

**January 2009**



The offering memoranda of the funds managed by RAB Capital plc ('RAB') state that the directors have delegated the determination of the Net Asset Value to the administrator. The administrators are therefore responsible for ensuring that the valuation of each funds portfolio is determined in line with the Net Asset Value section of the offering memorandum.

In order to ensure this and that, to the extent possible, portfolios are valued at fair value in accordance with the relevant accounting standards, US GAAP, UK GAAP or IFRS, RAB has issued a Valuation Policy Document which sets out the procedures that each party involved in the valuation process is required to adhere to. The board of directors has appointed a Valuation Committee to be responsible for the Valuation Policy Document and to oversee that the procedures and policies therein are adhered to.

Each fund is subject to a full annual independent audit conducted by the auditors appointed to the fund by the fund's board of directors.

The Valuation Policy Document sets out how fair value is determined for all instrument types traded by the funds. The main policies of this framework are as follows: -

1. For regularly traded listed securities fair value is generally the latest market value being the last traded price or the bid/offer where no trades occurred on the particular valuation day.
2. For unlisted securities or listed securities that are not regularly traded the fair value is the probable realisation value. This is generally established on unlisted securities by reference to, but not limited to: cost price; current earnings reviews and forecasts; recent capital transactions or events; the price of any recent market transactions; and/or the size of the fund's holding relative to the total issued capital. Fund analysts at RAB review each fund's investments periodically and/or as information is received, and make recommendations to the administrator where amendments are required. The administrator is independently, where possible, provided with necessary supporting information to the recommendations. The administrator reviews the recommendations for reasonableness and adjusts the fund valuation accordingly. These revaluations are reported to the Valuation Committee for approval. In all cases all parties have regard to the guidelines issued by the International Private Equity and Venture Capital Association, in determining fair value.
3. For warrants, fair value is established intrinsically by using the price of the underlying security less the warrant strike price.
4. For OTC instruments, the administrator uses third party specialist vendor pricing where possible, otherwise quotations are obtained from independent counterparties and/or brokers.

The Valuation Policy Document does not detail the price to be applied in every possible situation. However, consistent pricing sources are employed by each administrator and changes have to be approved by the Valuation Committee. Ultimately the final judgment rests with the directors who are informed of all policy changes by the Valuation Committee. Each fund has its own board of directors, and while RAB, has a representative on each fund board, the majority of the directors on all of the fund boards are independent of the investment manager.

The Valuation Policy Document is available from RAB's Client Services team upon request.

The Fund newsletters detail Hard-to-Value assets by providing a breakdown of the portfolio into the valuation levels set out in FAS 157 of US GAAP. Disclosure of the percentage of Hard-to-Value Assets is in accordance with the recommended disclosure by the Hedge Fund Standards Board Best Practice Standards, to which RAB is a signatory.

The valuation levels in FAS 157 are defined as follows: -

### ***Level 1 Inputs***

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

### ***Level 2 Inputs***

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 2 inputs include the following:

- a. Quoted prices for similar assets or liabilities in active markets
- b. Quoted prices for identical or similar assets or liabilities in markets that are not active, that is, markets in which there are few transactions for the asset or liability, the prices are not current, or price quotations vary substantially either over time or among market makers (for example, some brokered markets), or in which little information is released publicly (for example, a principal-to-principal market)
- c. Inputs other than quoted prices that are observable for the asset or liability (for example, interest rates and yield curves observable at commonly quoted intervals, volatilities, prepayment speeds, loss severities, credit risks, and default rates)
- d. Inputs that are derived principally from or corroborated by observable market data by correlation or other means (market-corroborated inputs).

### ***Level 3 Inputs***

Level 3 inputs are unobservable inputs for the asset or liability based on the reporting entity's own assumptions about the assumptions that market participants would use in pricing the asset or liability. (E.g. unlisted valuations)