

# ***AAM Absolute Return Fund***

***Oslo Asset Management ASA***

## ***DUE DILIGENCE QUESTIONNAIRE***

July 2012





## Contents

---

Sections	Page no.
<b>INVESTMENT MANAGER INFORMATION</b> .....	<b>3</b>
Contact information .....	3
Company .....	3
Ownership .....	5
Organisation .....	5
Manager references .....	6
<b>FUND INFORMATION</b> .....	<b>7</b>
Fund details .....	7
Fees .....	7
Investment/redemption and lock up terms .....	8
Fund directors .....	9
Fund Administrator .....	9
Fund pricing .....	9
Prime Broker .....	9
Custodian .....	10
Auditor .....	10
Legal adviser(s) .....	11
General .....	11
Fund promoters .....	11
<b>DATA OVERVIEW</b> .....	<b>11</b>
Fund assets .....	11
Capacity Management .....	11
Withdrawals .....	12
Management team's co-investment .....	12
Fund performance .....	12
Drawdowns .....	12
Other .....	12
Manager track record .....	13
<b>INVESTMENT STRATEGY</b> .....	<b>13</b>
<b>RISK</b> .....	<b>15</b>
Leverage .....	15
Hedging .....	15
Liquidity .....	16
Diversification .....	16
Risk management .....	16
External controls .....	17
<b>INVESTMENT RESEARCH</b> .....	<b>17</b>
<b>INVESTOR SERVICE / REPORTING</b> .....	<b>17</b>
<b>EXECUTION &amp; TRADING</b> .....	<b>18</b>
<b>COMPLIANCE</b> .....	<b>19</b>
<b>LEGAL</b> .....	<b>20</b>
<b>ANTI-MONEY LAUNDERING POLICY</b> .....	<b>21</b>
<b>INSURANCE</b> .....	<b>21</b>
<b>BUSINESS CONTINUITY</b> .....	<b>22</b>



## INVESTMENT MANAGER INFORMATION

### CONTACT INFORMATION

Company name:	Oslo Asset Management ASA
Address:	Fjordalleen 16 0250 Oslo, Norway
Telephone:	(+47) 24 13 00 00
Fax:	(+47) 24 13 01 13
E-mail:	<a href="mailto:hjo@osloam.com">hjo@osloam.com</a>
Name of contacts:	Harald James Otterhaug
Title of contacts:	Managing Director
Telephone of contacts :	(+47) 24 13 00 72
E-mail of contacts:	harald.Otterhaug@osloam.com
Internet/website:	<a href="http://www.osloam.com">http://www.osloam.com</a>

### COMPANY

<p>Please give a brief history of the company:</p>	<p>Oslo Asset Management ASA (“Oslo Asset Management” or “OAM”) is a fully-owned subsidiary of Oslo Asset Management Holding AS. Oslo Asset Management Holding AS is owned by Aker ASA and Xania AS by 50.1% and 49.9%, respectively. Aker ASA is a publicly traded industrial company. Please see <a href="http://www.akerasa.com">http://www.akerasa.com</a> for further information. Xania AS is an investment company owned by the principals of OAM.</p> <p>Oslo Asset Management was established on 20th October 2003, and became duly licensed as an investment management firm by the Financial Supervisory Authority of Norway (“FSAN”) on 27<sup>th</sup> January 2004. Since incorporation, OAM has provided investment advisory and discretionary investment management services exclusively to individual clients. In December 2005, with the launch of the AAM Absolute Return Fund, OAM established a strategic platform for offering its investment management services to a broader range of professional investors.</p>
Type of company/entity:	Investment Management Firm, incorporated as a public limited liability company ( <i>Norwegian: Allmennaksjeselskap</i> )
Date and place of incorporation and registered number:	Date of incorporation: 2003-10-20 Place of incorporation: Norway Organisation number: 986 221 530
Domicile:	City: Oslo Country : Norway
Branch offices or other locations, if any:	None
<p>Which regulatory authority is the company registered with?</p> <ul style="list-style-type: none"> <li>• Name(s) of regulatory bodies:</li> <li>• Date of registration:</li> <li>•</li> <li>•</li> <li>•</li> <li>•</li> <li>•</li> <li>• Registration number:</li> </ul>	<p>The Financial Supervisory Authority of Norway (<i>Norwegian: Finanstilsynet</i>) P.O. Box 100 Bryn, 0611 Oslo, Norway. E-mail: <a href="mailto:post@Finanstilsynet.no">post@Finanstilsynet.no</a></p> <p>Irish Financial Services Regulatory Authority (approved by and registered with the Financial Regulator (previously IFSRA) as Promoter and Investment Manager to Irish authorised collective investment schemes)</p> <p>Date of registrations: 2004-01-27 (FSAN) 2005-12-15 (The Financial Regulator)</p> <p>Registration number: 986 221 530 (The Financial Supervisory of Norway)</p>



<ul style="list-style-type: none"> <li>• <b>Scope of registered activities:</b></li> <li>• <b>List individuals also registered with the same authority in relation to the company's registration:</b></li> </ul>	<p>OAM is licensed by the FSAN to undertake the following investment services (core services):</p> <ul style="list-style-type: none"> <li>• <i>Active management of investor's portfolios of financial instruments on a client-by-client basis and in accordance with investor's mandates (the Norwegian equivalent of the investment service mentioned in the Annex to the Investment Services Directive, Section A, no 3 (discretionary portfolio management))</i></li> <li>• <i>Marketing of financial instruments</i></li> </ul> <p>Furthermore, Oslo Asset Management is registered with the FSAN to undertake the following related services (non-core services):</p> <ul style="list-style-type: none"> <li>• <i>Safekeeping and administration of financial instruments</i></li> <li>• <i>Advice on undertaking capital structure, industrial strategy and related questions</i></li> <li>• <i>Service relating to mergers and the purchase of undertakings</i></li> <li>• <i>Service related to underwriting</i></li> <li>• <i>Investment advice related to financial instruments</i></li> <li>• <i>Service related to foreign currency activity when linked to the provision of investment services</i></li> <li>• <i>Safe custody services</i></li> </ul> <p>As a member of the European Economic Area ("EEA"), Norway has implemented all Council Directives (EEC-directives) applicable to the financial sector. The Markets in Financial Instruments Directive (MiFID) came into effect on 1 November 2007, replacing the existing Investment Services Directive (ISD) Of 93/22/EEC of 10 May 1993. As such, the process for obtaining a regulatory approval from the FSAN is quite extensive. In order to become duly licensed, OAM had to prove that it would comply with statutory requirements. Inter alia, OAM proved that:</p> <ul style="list-style-type: none"> <li>• Its manager had relevant experience from markets for financial instruments in two of the five years before he took up the position as manager, and further that he is of good repute and during his work in dealing in financial instruments has acted in conformity with the conduct of business rules (the aptitude test, also see below in this respect);</li> <li>• All members of the Board of Directors satisfied necessary requirements as to good repute and experience (the aptitude test, also see below in this respect);</li> <li>• The shareholder is fit and proper to ensure sound and prudent management;</li> <li>• OAM's Articles of Association complied with mandatory requirements;</li> <li>• OAM's internal routines and controls complied with mandatory requirements;</li> <li>• OAM would fulfil statutory requirements regarding capital adequacy and minimum liable capital;</li> <li>• OAM's business plan proved that OAM's capital base and income stream would suffice for 3 years' operations, based on the projected level of operations;</li> </ul>
--	--



	<p>The aptitude test which OAM's Managing Director and Board of Directors proved to satisfy is quite extensive. The main requirements each person must fulfil relate to (i) professional skills related to education and professional experience, (ii) conduct of behaviour (including a requirement of having a certificate of good conduct), and (iii) financial reliability.</p> <p>The following individuals have each satisfied the above requirements and are registered with the FSAN:</p> <ul style="list-style-type: none"> <li>• Trond Brandsrud (Chairman)</li> <li>• Finn Berg Jacobsen (Director)</li> <li>• Gabriella Teodora Bastiani (Director)</li> <li>• Harald James Otterhaug (Managing Director)</li> </ul> <p>OAM has been approved to act as a promoter and investment manager to Irish authorised collective investment schemes by the Financial Regulator of Ireland. This was a requirement because the AAM Absolute Return Fund Plc is a fund approved by the regulatory in Ireland under the non-UCIT regime. This introduced additional regulatory oversight, including that relating to the promoter and the custodian.</p> <p>OAM owns 100% of the shares in Oslo Management (Ireland) Limited, the management company of AAM Absolute Return Fund Plc. The FSAN has approved OAM's shareholding in Oslo Management (Ireland) Limited.</p>
<p><b>Specify nature of services provided by the company (discretionary investment management or advisory):</b></p>	<p>OAM provides both discretionary investment management and investment advisory services to its clients. OAM have strict procedures to ensure fair treatment of discretionary clients, advisory clients and the fund at all times.</p>
<p><b>Please list the total assets under management by the company across its different categories of clients including the fund:</b></p>	<p>Total assets <u>discretionary management</u>: NOK 7.472 million (USD 1.240 mill)</p> <ul style="list-style-type: none"> <li>• of which NOK 3.778 million (USD 627 mill) relates to Norwegian fixed income mandates (Aker ASA, Aker Pension Fund &amp; Aker Insurance)</li> <li>• of which NOK 3.694 million (USD 613 mill) relates to the AAM Absolute Return Fund</li> </ul>
<p><b>OWNERSHIP</b></p>	
<p><b>Describe the company's ownership structure, name of its owners, their percentage ownership, and their role within the company:</b></p>	<p>Oslo Asset Management is a 100% owned subsidiary of Oslo Asset Management Holding AS. Oslo Asset Management Holding ASA is owned by Aker ASA and Xania AS by 50.1% and 49.9%, respectively. Aker ASA is a listed company on the Oslo Stock Exchange. TRG Holding AS owns 66.66% of Aker ASA. Xania AS is owned by the principals of OAM.</p> <p>Oslo Asset Management Holding AS, Aker ASA, or any of its representatives, are not involved in the day to day operations of Oslo Asset Management. However, Oslo Asset Management Holding AS, as the sole owner of Oslo Asset Management, may be required to resolve on matters presented to the general assembly, including the appointment of directors. Moreover, OAM has entered into service level agreements for the provision of certain administrative services (including facility management, accounting, payroll and ITC services) with Aker ASA.</p>
<p><b>ORGANISATION</b></p>	
<p><b>How many full-time employees are there?</b></p>	<p>9 full-time employees</p>



<p>Please provide a short background of principals (education, career background, etc.):</p> <ul style="list-style-type: none"> <li>Please, attach information if necessary.</li> </ul>	<p>Managing Director/Investment Manager: Harald James Otterhaug          Chief Operations Officer/IR: Petter Sogn          Compliance Officer: Annar Schiander          Operations: Kine Sagstad          Senior Analyst: Lars Tjeldflaat          Investment Analyst: Simon Johannessen          Investment Analyst: Morten Kielland          Investment Analyst: Børge Johansen          Investment Analyst: Ole André Hagen</p>																				
<p>How many investment professionals (portfolio managers, analysts, etc) in the company?</p>	<p>Please see Fund Presentation Biographies (Appendix 1) for further details          6 full-time investment professionals</p>																				
<p>What are the average years of professional experience?</p>	<p>The employees of OAM have on average 11.9 years of professional experience.</p> <table border="0" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th style="text-align: right;">Total</th> </tr> </thead> <tbody> <tr> <td>Harald James Otterhaug:</td> <td style="text-align: right;">13</td> </tr> <tr> <td>Petter Sogn:</td> <td style="text-align: right;">14</td> </tr> <tr> <td>Lars Tjeldflaat:</td> <td style="text-align: right;">22</td> </tr> <tr> <td>Simon Johannessen:</td> <td style="text-align: right;">7</td> </tr> <tr> <td>Kine Sagstad:</td> <td style="text-align: right;">2</td> </tr> <tr> <td>Morten Kielland:</td> <td style="text-align: right;">7</td> </tr> <tr> <td>Børge Johansen:</td> <td style="text-align: right;">12</td> </tr> <tr> <td>Annar Schiander:</td> <td style="text-align: right;">15</td> </tr> <tr> <td>Ole André Hagen:</td> <td style="text-align: right;">15</td> </tr> </tbody> </table>		Total	Harald James Otterhaug:	13	Petter Sogn:	14	Lars Tjeldflaat:	22	Simon Johannessen:	7	Kine Sagstad:	2	Morten Kielland:	7	Børge Johansen:	12	Annar Schiander:	15	Ole André Hagen:	15
	Total																				
Harald James Otterhaug:	13																				
Petter Sogn:	14																				
Lars Tjeldflaat:	22																				
Simon Johannessen:	7																				
Kine Sagstad:	2																				
Morten Kielland:	7																				
Børge Johansen:	12																				
Annar Schiander:	15																				
Ole André Hagen:	15																				
<p>Describe how the company is organised:</p>	<p>The overall organisational structure, risk monitoring and compliance function, management policies and internal control procedures are designed in order to limit or mitigate operational risks and control investment risks whilst ensuring ongoing compliance with regulatory requirements. Moreover, segregation of duties and arrangements with third-party service providers are combined in order to ensure that the appropriate level of independent checks and balances exists whilst enabling internal resources to focus on core business functions. OAM has a clear separation between the front office and mid-/back-office. Front-office functions are carried out by the Managing Director and the Investment Manager, while the Chief Operations Officer and Compliance Officer are responsible for mid-/back-office and compliance. The relationships with fund administrators, custodians, auditors and prime brokers are closely monitored and described in greater detail below.</p> <p>Going forward, OAM will continue to develop its internal controls and operational procedures whilst selectively recruiting people that are competent and demonstrate that they share our core values of integrity, dedication and discipline</p>																				
<p>What has been the turnover rate among the company's personnel?</p>	<p>Two people have left the company since inception. Kristian Salvador (operations) left OAM in October 2010, and Sigmund Lystrup (fixed income) left the company in June 2011.</p>																				
<p>Where do the primary trading, research, and portfolio management activities take place?</p>	<p>At the office of OAM in Oslo, Norway</p>																				
<p>Where are the accounts maintained?</p>	<p>The accounts of OAM are maintained at the office of OAM in Oslo, Norway.</p>																				
<p><b>MANAGER REFERENCES</b></p>																					
<p>Please provide references of the principals involved in the management of the fund?</p> <ul style="list-style-type: none"> <li>Name:</li> </ul>	<table border="0" style="width: 100%;"> <tr> <td style="width: 50%;"> <p>Reference for: Harald James Otterhaug and Petter Sogn</p> </td> <td style="width: 50%;"> <p>Reference for: Lars Tjeldflaat</p> </td> </tr> <tr> <td> <p>Håvard Gulbrandsen</p> </td> <td> <p>Aage Schaanning</p> </td> </tr> </table>	<p>Reference for: Harald James Otterhaug and Petter Sogn</p>	<p>Reference for: Lars Tjeldflaat</p>	<p>Håvard Gulbrandsen</p>	<p>Aage Schaanning</p>																
<p>Reference for: Harald James Otterhaug and Petter Sogn</p>	<p>Reference for: Lars Tjeldflaat</p>																				
<p>Håvard Gulbrandsen</p>	<p>Aage Schaanning</p>																				



• Profession:	Managing director	Portfolio Manager
• Company:	KLP Asset Management ASA	KLP Asset Management ASA
• Title:	Managing director	Chief Investment Officer
• Telephone:	+47 22 03 35 00	+47 22 03 79 01
• Fax:		+ 47 22 04 39 50
• E-mail:	haavard.gulbrandsen@klp.no	aage.schaanning@klp.no
• Current and past relationship with the company or its principal:	Former employer	Former employer

## FUND INFORMATION - AAM ABSOLUTE RETURN FUND

### FUND DETAILS

<b>Contact details:</b>	
• Name:	AAM Absolute Return Fund plc
• Address:	1 George's Quay Plaza George's Quay Dublin 2, Ireland
• Telephone:	+(353) 14 36 36 22
• Fax:	+(353) 14 36 36 01
• E-mail:	<a href="mailto:sandra.kearns@ubs.com">sandra.kearns@ubs.com</a>
• Internet:	
• Fund structure:	Open-ended investment company pursuant to Part XII of the Companies Act, 1990 for marketing solely to professional investors
• Legal entity:	Incorporated and registered in Ireland as an investment company with variable capital under the companies Acts, 1963 to 2005
• Domicile:	Ireland
Date of inception:	8 <sup>th</sup> of December 2005
Is the fund regulated?	Yes, regulated and supervised by the Irish Financial Services Regulatory Authority
Is the fund listed on any exchange(s)?	Not listed. It was not felt necessary to list due to the authorised status in Ireland of the fund itself.

### FEES

<b>Management fee:</b>	The Manager is entitled to an annual fee of 1.5 %
<b>Administration fee:</b>	Administration fees charged by the third party fund administrator are not charged directly to the fund and is met through the management fee that the manager receives
<b>Incentive fee:</b>	The Manager is entitled to a performance fee of 20%. The performance fee is calculated annually on a share-by-share basis so that each share is charged a performance fee that equates precisely with that share's performance.
<b>Hurdle rate/high water mark:</b>	A high water mark applies to the calculation of performance fees. The High Water Mark Amount per Share is the Net Asset Value per Share in effect immediately after the last day off a Calculation Period preceding any subsequent Calculation Period in respect of which a Performance Fee was payable.
<b>Sales fee:</b>	None
<b>Redemption fee:</b>	None
<b>Any other fees:</b>	The following fees incurred by the fund are applicable: <ul style="list-style-type: none"> <li>• Stock loan fees</li> <li>• Directors fees</li> <li>• Auditor fees</li> <li>• Custodian fees</li> <li>• Broker commissions and fees</li> <li>• Listing fees</li> <li>• Legal fees</li> </ul>
<b>What costs, if any, are recharged to the fund?</b>	None



<b>Are your fees calculated and charged in terms of equalisation structure by:</b> <ul style="list-style-type: none"> <li>• Issuing a different series of shares every time shareholders subscribe?</li> <li>• The Equalisation Share method?</li> <li>• The Equalisation and Depreciation Deposit method?</li> <li>• The Equalisation-Adjustment method?</li> <li>• Others? (Please describe):</li> </ul>	No
	No
	No
	Yes
	No
<b>Do you ever share fees with a third party?</b>	No
<b>Have any investors been granted rebates?</b>	No
<b>Disclose any soft dollar/soft commission agreement(s):</b>	No soft commission agreements
<b>INVESTMENT/REDEMPTION AND LOCK UP TERMS</b>	
<b>Minimum initial investment / holding:</b>	Euro 100 000 or its foreign currency equivalent
<b>Minimum subsequent investment:</b>	No minimum limit on subsequent investments
<b>Subscription frequency (when):</b>	Monthly (the first business day of each calendar month or such other day(s) that the directors may determine, on prior notification to shareholders and with approval of the custodian)
<b>Redemption frequency (when):</b>	Monthly (the first business day of each calendar month or such other day(s) that the directors may determine, on prior notification to shareholders and with approval of the custodian)
<b>Redemption notice period:</b>	<p>Dealing deadline in relation to applications for subscription and repurchase of shares is 10.00 a.m. (Irish time) on the 3rd business day prior to the relevant dealing day although the directors may agree to waive the notice period at their discretion provided such applications are received before the valuation point for the relevant dealing day.</p> <p>Notice period for redemptions t + 45 days.</p>
<b>Redemption cash proceeds time period:</b>	Proceeds will be paid five business days after the relevant dealing day assuming timely receipt of all duly signed repurchase documentation
<b>Does the fund have any lock-up period or any other liquidity constraints?</b>	<p>The company may decline to effect a repurchase which would have the effect of reducing the value of any holding of shares below the minimum holding. Any repurchase request having such an effect may be treated by the company as a request to repurchase the shareholder's entire holding</p> <p>The directors are entitled to limit the number of shares repurchased on any dealing day to shares representing 25 per cent of the Net Asset Value of the shares in issue. In this event, the limitation will apply pro rata so that all shareholders wishing to have shares repurchased on that dealing day realize the same proportion of shares and shares not repurchased, but which would otherwise have been repurchased, will be carried forward for repurchase on the next dealing day and will be dealt with in priority (on a rateable basis) to repurchase requests received subsequently. If requests for repurchase are so carried forward, the Administrator will inform the Shareholders affected.</p> <p>The directors may at the time of extraordinary events temporarily suspend</p>



	calculation of the Net Asset Value of the company and the right of shareholders to require the issue or repurchase of shares and the payment of repurchase proceeds
Does the fund allow for transfer of shares or limited partnership interests between nominees?	No
<b>FUND DIRECTORS</b>	
Please list the number of directors, their names, the degree of relationship with company manager and service providers and the duration of the company's professional relationship with each director:	Michael Boyce - Independent Director (also Director of Aker Management Ireland Ltd) - since inception of the fund
	Adrian Waters - Independent Director (also Director of Aker Management Ireland Ltd) - since inception of the fund
	Petter Sogn - CFO OAM
	Petter Sogn replaced Harald James Otterhaug as director of the fund in 2008.
<b>FUND ADMINISTRATOR</b>	
Details: <ul style="list-style-type: none"> <li>• Name:</li> <li>• Address:</li> <li>• Telephone:</li> <li>• Fax:</li> <li>• E-mail:</li> <li>• Name of contact:</li> <li>• Telephone of contact:</li> <li>• E-mail of contact:</li> </ul>	UBS Fund Services (Ireland) Limited
	1 George's Quay Plaza, George's Quay, Dublin 2, Ireland
	+(353) 14 36 36 00
	+(353) 14 36 36 01
	Sandra Kearns
	+(353) 14 36 36 22
	sandra.kearns@ubs.com
Duration of the company's professional relationship with the Administrator?	Since inception of the fund
<b>FUND PRICING</b>	
Who is responsible for obtaining valuations and how are any difficult-to-price assets or instruments priced?	UBS Fund Services (Ireland) Limited. In the event where no price is currently available or the current price does not in the directors' opinion represent fair market value the price shall be the probable realisation value estimated with care and in good faith by the directors or a competent person appointed by the directors and, in each case approved by the custodian
<b>PRIME BROKER</b>	
Details: <ul style="list-style-type: none"> <li>• Name:</li> <li>• Address:</li> <li>• Telephone:</li> <li>• Fax:</li> <li>• E-mail:</li> </ul>	UBS AG, London Branch
	1 Finsbury Avenue, London EC2M 2PP, United Kingdom
	+44 (0)20 7567 9431
	+44 (0)20 7567 0045
	Annabel.Williams@ubs.com
Duration of your professional relationship:	Since inception of the fund
Are the assets held in the name of the fund? If not, please explain:	Yes
Are all or any of the assets segregated from the Prime Broker's assets?	The fund's <u>cash</u> is not segregated from the Prime Broker's own assets. Client money is held with the cash of UBS AG (A rated). The client money rules do not apply to cash held in an account by UBS AG because UBS AG is a bank. Full controls and protection required by banks are therefore mandatory. <u>All other assets than cash</u> are segregated from the Prime Broker's assets



Do you use multiple Prime Brokers? If so, please give details:	Yes, we use UBS AG since inception & Morgan Stanley since 01.01.2010
Does the Prime Broker have insurance?	Yes. UBS AG purchases supplemental account protection from London Insurers to safeguard customer assets. In the unlikely event of bankruptcy, the policy will provide coverage from losses in excess of the coverage provided by the Financial Services Compensation Scheme 2000, as amended. The policy has USD 600 million aggregate limit of liability for all customer claims
Can the assets of the fund be pledged or in any other manner used to support another entity's liabilities?	No
Does the company or any affiliate ever take "custody" of client assets?	No
<b>PRIME BROKER</b>	
Details:	
• Name:	Morgan Stanley & Co. International plc
• Address:	25 Cabot Square, Canary Wharf, London E14 4QA, United Kingdom
• Telephone:	+44 (0) 20 7425-8266
• Fax:	+44 (0) 20 7056-4658
• E-mail:	Gordon.Corbett@morganstanley.com
Duration of your professional relationship:	Since January 1 <sup>st</sup> 2010
Are the assets held in the name of the fund? If not, please explain:	Yes
Are all or any of the assets segregated from the Prime Broker's assets?	Yes
Do you use multiple Prime Brokers? If so, please give details:	Yes, we use UBS AG since inception & Morgan Stanley since 01.01.2010
Does the Prime Broker have insurance?	Yes. Morgan Stanley has excess FSCS insurance provided by Lloyds of London. The limit of this policy is \$1 billion. The coverage excludes losses to customers who are not eligible for Financial Services Compensation Scheme Protection in the UK.
Can the assets of the fund be pledged or in any other manner used to support another entity's liabilities?	No
Does the company or any affiliate ever take "custody" of client assets?	No
<b>CUSTODIAN</b>	
Details:	
• Name:	JP Morgan Bank (Ireland) plc
• Address:	International Financial Services Centre, Dublin 1, Ireland
• Telephone:	00 353 1612 3335
• Fax:	00 353 1612 5780
• E-mail:	michelle.m.mcginity@jpmorgan.com
Duration of the company's professional relationship with the Custodian:	Since 01.01.2010. Prior to JP Morgan we used UBS since inception. The change was triggered when we added Morgan Stanley as a second PB since UBS could not support multiple PBs.
<b>AUDITOR</b>	
Details:	
• Name:	KPMG



<ul style="list-style-type: none"> <li>• <b>Address:</b></li> </ul>	1 Harbour Place, International Financial Centre, North Wall Quay, Dublin 1, Ireland
<ul style="list-style-type: none"> <li>• <b>Telephone:</b></li> </ul>	+(353) -1-700-4266
<ul style="list-style-type: none"> <li>• <b>Fax:</b></li> </ul>	+(353) -1-775-4266
<ul style="list-style-type: none"> <li>• <b>E-mail:</b></li> </ul>	shahnawaz.mirza@kpmg.ie
<b>Duration of the company's professional relationship with the auditor:</b>	Since inception of the fund
<b>LEGAL ADVISER(S)</b>	
<b>Details:</b>	
<ul style="list-style-type: none"> <li>• <b>Name:</b></li> </ul>	A & L Goodbody (Irish legal adviser)
<ul style="list-style-type: none"> <li>• <b>Address:</b></li> </ul>	Bugge, Arentz-Hansen & Rasmussen ("BA-HR"), Norwegian legal adviser
<ul style="list-style-type: none"> <li>• <b>Telephone:</b></li> </ul>	International Financial Service Centre (BA-HR: Stranden 1, 0117 Oslo)
<ul style="list-style-type: none"> <li>• <b>Fax:</b></li> </ul>	+(353) 16 49 23 27 (BA-HR: +47 22 83 02 70)
<ul style="list-style-type: none"> <li>• <b>E-mail:</b></li> </ul>	+(353) 16 49 26 49 (BA-HR: +47 22 83 07 95)
	mbarr@algoodbody.com (BA-HR: ph@bahr.no)
<b>Duration of the company's professional relationship with the Legal Advisers:</b>	Since inception of the fund
<b>GENERAL</b>	
<b>Have the Administrator, Prime Broker, Custodian or Auditors been changed within the past 3 years? If so, why?</b>	Yes, we changed custodian from UBS to JP Morgan. We also added Morgan Stanley as a second PB. Both changes were made 01.01.2010
<b>Do either the Prime Broker(s) or Administrator hold a credit rating? Please provide details:</b>	UBS AG has a long term credit rating of A2 from Moody's and A from Standard & Poor's and a short term rating of P-1 and A-1 respectively. MSI plc has been assigned a long term rating of Baa1 by Moody's and A- by Standard & Poor's and short term ratings of P-2 and A-2 respectively.
<b>FUND PROMOTERS</b>	
<b>What external promoters, if any, have been appointed by the company for the fund?</b>	Oslo Asset Management is the promoter of the fund
<b>Duration of the company's professional relationship with any promoter:</b>	Oslo Asset Management has been the promoter of the fund since inception

## DATA OVERVIEW

### FUND ASSETS

<b>Please list the size of the fund's net assets:</b>	Net Asset Value as of 31 <sup>st</sup> of July 2012: NOK 3.694 million (USD 613 million)
<b>What percentage of assets is represented by the largest investor?</b>	The largest investor currently holds 19.98 % of the fund. The fund was launched with strategic seeding after which marketing would commence. Investments from other investors are now sought

### CAPACITY MANAGEMENT

<b>What is the maximum capacity of your fund?</b>	The fund capacity is estimated to USD 1,000 million
<b>Will new money be accepted after capacity is reached?</b>	Fund capacity will be reviewed on an ongoing basis. New money will only be accepted if not considered to negatively impact the investment performance of the fund
<b>How will front/back-office operations</b>	A significant increase in assets under management will not materially change our current



be affected in the event of significant increase in assets under management, and what measures will be taken?	investment strategy. We will continue to ensure that overall portfolio liquidity is maintained and gradually expand our front-/back-office operations
<b>WITHDRAWALS</b>	
What were the largest withdrawals in your fund since inception?	
<ul style="list-style-type: none"> <li>• Date:</li> </ul>	31.12.2008
<ul style="list-style-type: none"> <li>• % of NAV:</li> </ul>	13%
<ul style="list-style-type: none"> <li>• Reasons:</li> </ul>	Liquidity reasons
<b>MANAGEMENT TEAM'S CO-INVESTMENT</b>	
What is the total amount invested by the principals/management in the fund and other investment vehicles managed pari passu with the fund?	As of 31 <sup>st</sup> of July 2012 the employees at Oslo Asset Management owned 134,829 shares in the fund, representing investments of NOK 24.6 million and 0.70% of the fund's total net assets. The employee's investments are made through a joint investment vehicle, Xania AS. HJO Invest AS currently owns 67.93% of Xania AS, Brief AS owns 16.81% of Xania AS, Petter Sogn owns 7.46% of Xania AS, Røksund Invest AS owns 3.84% of Xania AS, Priska AS owns 2.47% and BOJO Industries AS owns 1.49%.
Has the management reduced its personal investment?	No. The management team has not reduced its original personal investments since inception of the fund
Disclose conditions of subscription/redemptions of team and owners' assets:	The management team have agreed that they will not pay fees on subscriptions or redemptions.
<b>FUND PERFORMANCE</b>	
Historical performance since inception:	The fund has returned 91.64% since inception as of 31 <sup>st</sup> of July 2012.
<ul style="list-style-type: none"> <li>• Monthly NAV's since inception (in table format):</li> </ul>	Please see Historical Performance attribution for further details on monthly investment performance
<ul style="list-style-type: none"> <li>• Monthly RoR since inception:</li> </ul>	The fund has had a monthly compounded rate of return of approx 0.99% since inception.
Please explain any major factors affecting performance and draw downs (i.e. a manager change, a change in strategy, etc):	The fund has gradually increased its overall risk exposure. Consequently, the most recent months better represent the fund's overall risk and return potential. Please see Historical exposure report for further details on historical gross and net exposure as well as a more detailed performance attribution analysis. Please note that the investment performance in December 2005 was positively impacted by the timing of initial subscriptions.
Is the fund performance audited?	The fund is audited on an annual basis by KPMG.
<b>DRAWDOWNS</b>	
List the 5 maximum draw downs, in percent of equity for each fund and the recovery period:	The fund experienced draw downs of -7.41% in January 2012, -4.94% in June 2012, -4.77% in December 2011, -4.00% in July 2008 and -3.42% in December 2006. The drawdowns were recovered in mid July 2012.
Over the past 12 months, how many draw downs greater than 5% have occurred	The only draw down greater than 5% the fund has experienced occurred in January 2012.
<b>OTHER</b>	



Is the company (thus the fund's reporting) AIMR/GIPS compliant?	No, but the investment manager was pre-qualified for GIPS by KPMG in 2005. Whilst the investment manager has adopted most operational procedures and internal controls required for GIPS, full GIPS compliant reporting has not been adopted for the fund. Please see appendix 3 for further details
Are there any side letter agreements that can negatively impact the fund? If so please give details.	We have side letters but they only contain MFN clauses.
Are there any special terms given to certain investors in relation to fees or redemption?	No, all investors are treated equally
<b>MANAGER TRACK RECORD</b>	
Number of portfolios/accounts managed by the company:	OAM manages/administers 3 different discretionary portfolios (mainly Norwegian fixed income) for 3 different clients
Number of funds managed/advised by the company:	OAM provides investment management services to 1 fund
<ul style="list-style-type: none"> <li>Names of these funds:</li> </ul>	AAM Absolute Return Fund plc
Total assets managed/advised by the company:	<p>Total assets <u>discretionary management</u>: NOK 7.472 million (USD 1.240 mill)</p> <ul style="list-style-type: none"> <li>of which NOK 3.778 million (USD 627 mill) relates to Norwegian fixed income mandates (Aker ASA, Aker Pension Fund &amp; Aker Insurance)</li> <li>of which NOK 3.694 million (USD 613 mill) relates to the AAM Absolute Return Fund</li> </ul>
<b>INVESTMENT STRATEGY</b>	
Characterise your investment style in terms of:	The AAM Absolute Return Fund is a specialised long/short equity fund that seek to combine in-depth industrial knowledge with financial investment expertise in order to exploit fundamental inefficiencies in publicly traded securities related to global energy and natural resources
<ul style="list-style-type: none"> <li>Strategy:</li> </ul>	Hedging is used in order to limit unintentional investment risks and control intentional investment risks
<ul style="list-style-type: none"> <li>Hedging:</li> </ul>	No predetermined directional market bias and the fund will aim for capital appreciation regardless of the general direction of the overall capital markets. The fund's net exposure will typically range between -50% to 150%
<ul style="list-style-type: none"> <li>Market exposure:</li> </ul>	
<ul style="list-style-type: none"> <li>Portfolio concentration in terms of amount of instruments and exposure bias (min/max/avg. number of instruments, min/max/avg. long or short bias):</li> </ul>	<p>Typical total number of position: 50 to 70</p> <p>Typical long positions: 3% - 7%</p> <p>Typical short positions: 2% - 6%</p>
<ul style="list-style-type: none"> <li>Geographical market focus:</li> </ul>	Global investment scope, but predominantly invests in equities listed in North America or Europe. This reflects the particular strengths of the current investment team
List the instrument types you use by percentage:	The fund predominantly invest in exchange traded equities, but may also invest in various types of financial instruments, including, but not limited to, fixed income securities (both corporate and government issued), convertible bonds and listed or OTC derivative instruments (warrants, options, futures, swaps or contracts for differences). The fund will only invest in unquoted securities to a limited extent.



<p><b>Describe your investment philosophy/strategy:</b></p>	<p>We seek to combine in-depth industrial knowledge with financial investment expertise in order to exploit situations where security prices do not adequately reflect fundamentals. By applying a bottom-up proprietary fundamental research process, supported by inputs from our extensive industry network and relationships, we seek to identify valuation inefficiencies at a security or industry level. We focus on analysing industry and individual securities by applying a fundamental and cash-flow oriented valuation methodology in combination with various forms of comparative analysis. Moreover, due to the cyclical nature of our focus industries, we consider it particularly important to develop a thorough understanding of the underlying operational and financial leverage of the individual securities. Furthermore, we seek to identify specific revaluation catalysts. Potential catalysts could include changes in industry fundamental, short-term earnings revisions, corporate events or news-flow, strategic or structural developments and absolute or relative security price performance</p>
<p><b>Do you believe that there are persistent structural inefficiencies in the area you invest in? Please explain:</b></p> <ul style="list-style-type: none"> <li>• How do you think these market inefficiencies will change over time?</li> </ul>	<p>We believe our focus industries hold structural characteristics that persistently produce fundamental inefficiencies and provide investment opportunities:</p> <ul style="list-style-type: none"> <li>• <b>Investments are frequently motivated by top-down allocation decisions</b> Individual security prices do not always reflect underlying fundamentals</li> <li>• <b>Complex industries with distinct sub-industries and unique business models</b> Specialized industry knowledge required for individual stock selection</li> <li>• <b>Capital market attention is significantly bias towards large-cap majors</b> Securities in small- and mid-cap segment are typically under-analysed</li> <li>• <b>Global industries whilst analyst coverage is primarily regional</b> Global scope provides opportunities to exploit regional inefficiencies</li> <li>• <b>Capital intensive industries where assets usually have a finite lifecycle</b> Industries favour a fundamental approach</li> <li>• <b>Cyclical industry fundamentals and volatile security prices</b> Provide absolute and relative opportunities well suited for long/short strategy</li> </ul> <p>The structural nature of the fundamental inefficiencies, make us believe that they will remain for the foreseeable future. However, we are mindful that certain inefficiencies tend to be more pronounced during certain periods of an economic cycle</p>
<p><b>What makes your strategy unique?</b></p>	<p>We consider that our specialised approach provide us with an unique information or knowledge edge</p>
<p><b>What makes your strategy different from your peers?</b></p>	<p>To our knowledge, there are only a few other investment managers that employ a similar specialised investment strategy as us. Although future competition may surface, we believe that our investment area will continue to remain rich on inefficiencies and investment opportunities. Ultimately, it is the specialised skills, knowledge and experience of our individuals that will differentiate us from our peers. Additionally, we consider that our strong relationship with the Aker Group, with access to significant network of industrial expertise, will continue to provide us with a competitive advantage</p>
<p><b>Describe your strategy for today's market:</b></p>	<p>Please see our latest monthly newsletter, quarterly investment review and quarterly webcast for an updated and in-depth review of our current investment strategy</p>



<p><b>What are the strengths/weaknesses of your investment strategy?</b></p>	<p>Our investment strategy enables us to generate consistent investment returns through a full economic cycle and irrespectively of the direction of the overall capital markets. However, the nature of our investment strategy and our conservative policy on leverage could constrain us from generating extreme performance during periods of strong trending markets</p>
<p><b>In which markets do you believe your strategy performs best/worst?</b></p>	<p>Although our investment strategy enables us to perform through a full economic cycle, we know from experience that there are periods where inefficiencies grow and there are periods when inefficiencies contract. The late stages of a trending bull markets are often the period where euphoric expectations tend to push security prices the farthest from underlying fundamentals. Hence, in these markets we could have a tendency to sell too early. Although the last stages of a trending bear market could demonstrate some of the same characteristics, we consider the risk of buying too early as far less critical. As evidenced by our recent investment performance, we believe that our consciousness and investment discipline help to mitigate these limitations</p>
<p><b>What is your average holding period for:</b></p> <ul style="list-style-type: none"> <li>• All investments?</li> <li>• Profitable investments?</li> <li>• Losing investments?</li> </ul>	<p>We employ a cash-flow oriented valuation methodology with a long-term research horizon. Our actual holding periods will be influenced by the volatility in security prices. Furthermore, the scope of our trading activities will vary over time. The holding period for long positions are generally longer than for short positions, and the holding period for profitable investments are generally longer than for losing investments</p>
<p><b>Does the strategy have a long or short bias?</b></p>	<p>Our investment strategy does not have a predetermined directional market bias. However, the strategy is not structurally market neutral, and any directional bias will be determined at the discretion of the investment manager</p>
<p><b>What investment criteria must new positions meet?</b></p>	<p>Investments need to be considered fundamentally attractive on an absolute or relative basis. Moreover, dedicated short position, that is not part of a paired trade, will generally require an explicit revaluation catalyst</p>
<p><b>Have the strategy or trading processes changed over time due to capital flows?</b></p>	<p>No</p>
<p><b>Have you encountered position limit problems? If yes, please explain:</b></p>	<p>No</p>
<p><b>What is the percentage of assets in non-exchange traded instruments? How long do you expect it would take to liquidate these assets under normal circumstances?</b></p>	<p>All equity investments are exchange traded instruments. The fund is restricted from investing more than 20% of its net assets in non-exchange traded instruments.</p>
<p><b>RISK</b></p>	
<p><b>LEVERAGE</b></p>	
<p><b>Discuss your leverage exposure policy and its management over different market cycles:</b></p>	<p>We maintain a conservative policy on leverage. As evidenced by our recent risk-adjusted investment performance, we consider that our investment strategy can produce strong investment returns without excessive financial leverage. The level of leverage the fund may incur is unlimited. The indicate range of leverage normally employed is a gross exposure up to 300% of NAV.</p>
<p><b>HEDGING</b></p>	
<p><b>How is the portfolio hedged?</b></p>	<p>Our investments are subject to various types of risks, and we employ hedging in order to limit unintentional risks and control intentional risks. Our risk management process is divided into three distinct levels. Firstly, we apply in-depth fundamental analysis to identify security-</p>



	specific and industry-specific fundamental risks associated with our individual positions and how these fundamental risks combine in the overall investment portfolio. Secondly, we use statistical tools, like Value at Risk (VaR), to measure and manage statistical risks on an overall portfolio basis. Finally, we apply various scenario analyses to stress-test and evaluate potential economic losses in the event of abnormal markets. Furthermore, we continuously monitor risks related to foreign currency and liquidity exposure. Different techniques and instruments are used to hedge different risks
<b>How do you determine size and limits for each position/basket?</b>	Position sizes are determined by four factors: <ol style="list-style-type: none"> <li>1) Level of confidence in fundamental analysis</li> <li>2) Risk and return characteristics of the individual securities</li> <li>3) Overall impact on the total portfolio risk</li> <li>4) Liquidity</li> </ol> <p>Generally, average short positions are smaller than average long positions</p>
<b>How often do you re-hedge?</b>	Hedges are reviewed continuously and rebalanced on a discretionary basis
<b>Are short positions profit centres?</b>	Short positions are also considered as profit centres
<b>LIQUIDITY</b>	
<b>What is the liquidity of the underlying assets and what is the appropriate time period to liquidate?</b>	We estimate that more than 71% of the current investment portfolio could be liquidated within 3-5 trading days. Going forward, we will continuously seek to preserve liquidity and maintain an objective that we should be able to liquidate at least 80% of the portfolio within 10 trading days
<b>DIVERSIFICATION</b>	
<b>Discuss the depth of diversification:</b>	Risks are not additive and total portfolio risk is less than the sum of its parts because of diversification between different securities. In accordance with our investment approach, we often seek to diversify systematic risks and focus on unsystematic risks. Typical number of positions range from 50 to 70.
<b>How do you calculate the correlation between each investment in the portfolio?</b>	Fundamental relationships are analyzed through in-depth fundamental research process. Moreover, we calculate statistical correlations based on historical observations. We recognise the limitation inherent in the assumption that future risk can be predicted from historical relationships and that this approach is vulnerable to potential abrupt changes in the market environment. Nevertheless, we consider these as reasonable estimates when complemented by other statistical stress-test analysis
<b>How has performance been distributed across positions and time?</b>	Our performance has been widely distributed across time, individual securities and sub-industries. Importantly, this has enabled us to generate consistent return since inception. Please see appendix 2 for further details on investment performance.
<b>RISK MANAGEMENT</b>	
<b>Discuss position and stop-loss limits and their management:</b>	The fund is restricted from investing more than 20% of its net assets in any securities issued by a single issuer, but individual positions will typically not exceed 10%. We seek to control investment risks via our overall investment and risk management process and do not practise any strict stop-loss limits for individual positions. However, the performance of individual positions are continuously reviewed with particular attention paid to short positions
<b>How do you adjust your risk capital allocation when there is a significant increase in equity due to trading profits?</b>	Risks are continually monitored and calculated based on mark-to-market valuations
<b>Please describe the operational risk management policy:</b>	OAM has an extensive operational risk management policy which, inter alia, includes policies on internal controls, organisation of business activities, administration and operations, asset management and employees and representatives. The operational risk management policy is evaluated and tested annually in cooperation with an external auditor. Operational risk is also mitigated through robust reconciliation procedures performed in a timely manner. These include:



	<ul style="list-style-type: none"> <li>• Reconciliation of trader deal sheets to fills received from brokers by Bloomberg, fax or e-mail and then to contract notes</li> <li>• Reconciliation of positions between OAM's records and the records of the Prime Brokers and the administrator</li> <li>• Reconciliation of cash positions in the same manner as above</li> </ul>
How do you measure minimum liquidity of positions?	We measure liquidity by comparing average daily traded volumes over various time periods with individual positions. Furthermore, we sometimes need to make qualitative adjustments to statistical numbers in order to better represent the actual liquidity of our positions
What risk system/software is used in your middle office?	Risk systems provided by our Prime Brokers are used in combination with proprietary systems. We also send numbers to measure risk on a monthly basis.
<b>EXTERNAL CONTROLS</b>	
Are any third parties involved in verifying adherence to risk limits, e.g. the fund's administrator?	The custodian, JP Morgan Dublin Branch, is responsible for monitoring and verifying adherence with investment restrictions as set out in the regulatory approved prospectus of the fund. In case of any breaches, the custodian will report directly to the fund's board of directors and investment manager
<b>INVESTMENT RESEARCH</b>	
What outside sources are used?	Our internal proprietary fundamental research process is supplemented with inputs from our industry network, external relationships and investment research from various investment banks
What proportion of research is generated internally?	Investment decisions are typically based on extensive quantitative and qualitative internal research that often generates original investment ideas that step outside of consensus views. However, significant quantities of external research are continuously reviewed to monitor industry trends and company specific developments in order to identify investment ideas. Moreover, our quantitative research is often developed from models that have been provided to us by external research analyst. The exact proportion of internal research is difficult to quantify
<b>INVESTOR SERVICE / REPORTING</b>	
Can the prospectus/offering memorandum be transmitted to us electronically?	Yes
Who calculates the NAV? What is the frequency of calculation?	The fund administrator, UBS Fund Services (Ireland), estimates the NAV weekly and calculates the official NAV monthly. The investment manager estimates NAV on a daily basis. There are typically only marginal difference between the manager calculated NAV and weekly estimates from the fund administrator. There are also typically only minor differences between records of the manager and the monthly official figures when fully reconciled with the fund administrator
Do you make any adjustments to the NAV valuation received from your source? If yes, please explain what kind in terms of:	No
• Liquidity:	No
• Time zone:	No
• Size:	No
• Holding period:	No
• Other:	0%
• Percentage of adjustments to total NAV:	No
• What instruments are subject to adjustments:	No
Can fund performance (NAV, RoR) be transmitted to us electronically on a	The official NAV is transmitted by fax on a monthly basis. A monthly newsletter and more frequent NAV estimates can be distributed electronically by the investment manager



<p>regular basis, and at what periodicity?</p>	
<p>List all reports and correspondence usually sent to clients, and please explain the frequency and the detail the manager reports performance to investors.</p>	<ul style="list-style-type: none"> <li>• Monthly statement of holdings from the Administrator</li> <li>• Monthly investment review from the Investment Manager</li> <li>• Semi-annual financial statements</li> </ul>
<p>Can you provide copies of historical reports?</p> <ul style="list-style-type: none"> <li>• Please provide examples.</li> </ul>	<p>Yes. More example reports can be provided upon request.</p>
<h2 style="background-color: #003366; color: white; padding: 5px;">EXECUTION &amp; TRADING</h2>	
<p>Describe the trade execution function:</p>	<p>Trades are executed by members of our investment management team in accordance with individual authorisations. Authorised individuals must ensure that trades in financial instruments are carried out in accordance with existing laws and regulations for securities trading, internal policies &amp; guidelines and existing investment restrictions for specific portfolios. Furthermore, the individual authorisations also determine trading limits on different asset classes, trading size and approved counterparties. Trading activities are monitored by the compliance officer.</p>
<p>Who is authorised to place orders on behalf of the fund?</p>	<p>The following individuals are currently authorised to place orders on behalf of the fund in accordance with individual authorisations</p> <ol style="list-style-type: none"> <li>1) Harald James Otterhaug</li> <li>2) Lars Tjeldflaat</li> <li>3) Børge Faanes Johansen</li> </ol>
<p>Is there clear separation of functions between front and back office?</p>	<p>Yes. OAM has a clear separation between front office and mid-/back-office. Front-office functions are carried out by the Managing Director and the Investment Management team, while the Chief Operations Officer is responsible for mid-/back-office, incl. compliance.</p>
<p>How are executed trades allocated to accounts? Please explain in detail, particularly with respect to split fills:</p>	<p>Executed trades are allocated to individual accounts in accordance with detailed policies and procedures established in order to ensure fair and consistent treatment of all accounts. The following procedures apply to trade allocation:</p> <ul style="list-style-type: none"> <li>• Trade execution shall always be in the best interest and to take into account the specific investment policies and restriction of individual accounts</li> <li>• All accounts receive average price whenever transactions are executed on behalf of more than one account</li> <li>• Partially executed trades are split on a pro rata basis across accounts</li> </ul>
<p>Are any positions allocated as of the end of the trading day or immediately after execution, rather than prior to or at the time of order entry?</p>	<p>No</p>
<p>What is the company's policy with respect to trading and system errors? Please explain in detail:</p>	<p>Daily operational review and assessment of any open trade errors or breaks by the investment managers. Errors will be documented by the compliance officer. If a confirmed market position resulted from a system error, the position would be closed out immediately and action take to prevent the error from reoccurring</p>
<p>Are trades reconciled to broker confirmations? How often?</p>	<p>Broker confirmations are reconciled daily by of Oslo Asset Management before the transactions are transmitted electronically to the Prime Broker</p>



<p><b>Are cash positions reconciled? How often?</b></p>	<p>Cash positions are at a minimum reconciled on a weekly basis when the estimated NAV's are produced</p>
<p><b>What is the company's policy with respect to personal account dealing by:</b></p> <ul style="list-style-type: none"> <li>• Staff?</li> <li>• Principals?</li> <li>• The company itself?</li> </ul>	<p>The Norwegian Securities Trading Act (Act no. 79 of 19 June 1997, as amended) applies to the company's organisation and activities and provides detailed regulations on personal account dealings. The regulations apply to all persons that normally have access or work with the investment process in the company. Importantly, personal dealings would normally require a minimum 12 months' holding period. Additionally, internal policies provide that employees need to undertake detailed procedures in order to deal for their personal account. Specifically, Oslo Asset Management requires all personal account dealings to be pre-approved by the managing director. Hence, OAM's company policy with respect to personal account dealing is stricter than required by the STA.</p> <p>The company does not deal for its own account</p>
<p><b>Does the company make use of "soft dollars"?</b></p>	<p>No current soft commission agreements</p>
<p><b>Does the company or advisor have any relationship which may affect its trading flexibility, e.g. associated broker/dealer?</b></p>	<p>No</p>

## COMPLIANCE

<p><b>Who is responsible for compliance in the company?</b></p>	<p>Annar Schiander holds the position as compliance officer. The compliance function is divided into three principal areas:</p> <ol style="list-style-type: none"> <li>1) <b>Regulatory:</b> Oslo Asset Management is licensed and supervised by the Financial Supervisory Authority of Norway. The company's board of directors are ultimately responsible for ensuring that the company operates in compliance with the applicable regulations and requirements. On a day to day basis, the board of directors have delegated monitoring and reporting of compliance with regulatory requirements to the company's compliance officer.</li> <li>2) <b>Investment guidelines:</b> The compliance officer is responsible for monitoring that all investments are held in accordance with existing investment guidelines and restrictions and that all investment activities are effected in line with internal policies</li> <li>3) <b>Risk monitoring:</b> The compliance officer is responsible for monitoring that investments comply with internal guidelines and limits with regards to value at risk, stress-tests, portfolio concentration, foreign currency exposure and portfolio liquidity.</li> </ol> <p>The compliance officer reports directly to the managing director and, in certain cases, directly to the board of directors.</p> <p>Additionally, the custodian, JP Morgan, is responsible for monitoring and verifying adherence with investment restrictions as set out in the regulatory approved prospectus for the fund. In case of any breaches, the custodian will report directly to the fund's board of directors and investment manager</p>
---	--



<p>Does the company maintain a written Compliance Manual? If yes, please provide details:</p>	<p>Yes. The board of directors holds the overall responsibility for organising and developing the internal controls of the company. The compliance manual includes principal instructions and operating procedures resolved by the board of directors in order to assure prudent and compliant management of the company. The compliance manual has been reviewed by the auditor (KPMG) and the Financial Supervisory Authority of Norway</p> <p>The compliance manual includes, inter alia, details on:</p> <ul style="list-style-type: none"> <li>• Principal instructions from the board of directors</li> <li>• Principle instructions on internal controls and methods</li> <li>• Employment instructions and authorisations</li> <li>• Instructions on personal account dealing, involvement in other companies, inside information, confidentiality and gifts</li> <li>• Instructions on anti-money laundering</li> <li>• Instructions on the use of information and communication technology, archiving, client reporting and accounting.</li> <li>• Instructions on trading in financial instruments and dealing with conflict of interests</li> </ul>
<p>Please describe any current or potential conflict of interest or any relationships which may affect its trading, trading flexibility, e.g. associated broker/dealer.</p>	<p>OAM have strict procedures to ensure fair treatment of discretionary clients, advisory clients and the fund at all times. Furthermore, to prevent potential conflicts of interest, we do not currently deal in securities associated with the Aker Group.</p>
<p>Does the company have regular compliance monitoring programs? If so, please give brief details:</p>	<p>The compliance officer is responsible for monitoring and reporting to the board of directors that the company is operated in compliance with the policies and instructions provided by the compliance manual and that investment portfolios comply with investment guidelines. Furthermore, the compliance officer keeps detailed records of ongoing risk monitoring activities</p>
<p>Has the company or its principals ever been the subject of any action or warnings from a regulatory body?</p>	<p>No</p>
<p>Has any application to a regulatory body on behalf of the company ever been withdrawn? If so, please give details:</p>	<p>No</p>
<p>Do any of the company's principals have other business involvement? If yes, describe and quantify how much of their professional time is dedicated to each:</p>	<p>No</p>
<p>Has an employee of the company ever been refused authorisation or had it withdrawn? If so, please provide details:</p>	<p>No</p>
<p><b>LEGAL</b></p>	
<p>Are there or have there ever been any criminal, civil, regulatory or administrative proceedings against the company or any of its principals, or any similar such matters including reparations, arbitrations and negotiated settlements?</p>	<p>No</p>



## ANTI-MONEY LAUNDERING POLICY

Confirm that the company has established Anti-money Laundering (AML) procedures:	We confirm that the company has established anti-money laundering procedures
Please advise which jurisdiction's regulations you comply with:	Oslo Asset Management, the investment manager, complies with Norwegian AML regulations. Note that Norway has implemented 91/308/EEC and 2001/97/EEC "on prevention of the use of the financial system for the purpose of money laundering". AAM Absolute Return Fund plc complies with Irish AML regulations
Please advise who your MLRO (Money Laundering Reporting Officer) is:	The investment manager acknowledges certain areas where AML oversight is particularly important in the context of knowing our customers or protecting the reputation of OAM: <ul style="list-style-type: none"> <li>(1) Through identification of investors in the fund, and</li> <li>(2) Through the investment manager identifying its clients</li> </ul> <p>For the former the services of UBS Fund Services (Ireland) are utilised by the fund. The MLRO at UBS is Connor O'Donnell.</p> <p>At OAM the MLRO is the Compliance Officer, Annar Schiander.</p>
Elaborate on the procedure to ensure compliance with AML policies:	Anti-Money Laundering Legislation in Ireland and Norway is in line with the EEC's Council Directives on prevention of the use of the financial system for the purpose of money laundering <p>As required by law, we will seek to identify all clients/investors and take all reasonable measures to ensure that:</p> <ul style="list-style-type: none"> <li>• We do not transact with shell banks</li> <li>• We do not transact with entities and /or related persons that are subject to economic sanctions</li> <li>• We identify any politically exposed persons that are related to the client</li> <li>• We hold and maintain for 5 years from closure of the client's account, appropriate evidence to verify the identity information of the client</li> </ul>

## INSURANCE

Do you currently hold insurance for the following:	
<ul style="list-style-type: none"> <li>• Director &amp; Officers Liability?</li> </ul>	Yes. The policy provides cover for wrongful acts by directors and officer of the Aker Group. The policy has a USD 100 million aggregate limit of indemnity.
<ul style="list-style-type: none"> <li>• Professional Indemnity?</li> <li>• Crime (Employee fidelity/third party fraud)?</li> </ul>	Yes. The policy provides cover for employee dishonesty and third-party computer crime for the Aker Group. The policy has a NOK 100 million (USD 15 million) aggregate limit of indemnity.
<ul style="list-style-type: none"> <li>• Key Person Insurance?</li> <li>• Other?</li> </ul>	No.
N.B.: if you are not restricted from disclosing such information under your policy	No



<b>BUSINESS CONTINUITY</b>	
<p><b>Does the company have a formal disaster recovery plan? Please describe the basic provisions:</b></p>	<p>Yes. OAM maintain an updated disaster recovery plan that seeks to ensure business continuity in case events occur that could cause disruptions to our operations such that we are unable to continue operations using the resources that are normally available to us. The disaster recovery plan includes overviews of our ICT systems and responsibilities, criteria for activation and procedures for restoring ICT operations etc.</p> <p>The disaster recovery plan is reviewed and verified by the auditor (KPMG) on an annual basis. Please see appendix 4 for copy of verification of the internal control by KPMG</p>
<p><b>What contingency plans do you have in terms of:</b></p> <ul style="list-style-type: none"> <li>• <b>Computer system fault?</b></li> </ul>	<p>OAM has outsourced its ICT functions to Aker ASA, but remain responsible for ensuring compliance with applicable regulations for the use of information and communication technology and implementation of adequate contingency plans in the event of computer system faults. OAM has established detailed contingency procedures in which roles, responsibilities and risk are defined, inter alia, the contingency plan includes procedures that ensure</p> <ul style="list-style-type: none"> <li>• Identification and assessment of individual elements which could fail and provide for appropriate response</li> <li>• Established criteria for activating back-up solutions</li> <li>• Adequate recovery procedures</li> <li>• Directions for informing management, employees and suppliers</li> <li>• Training, exercises and tests of back-up solutions</li> </ul> <p>The FSAN has approved the outsourcing arrangements with Aker ASA. OAM's auditor (KPMG) reviews and verifies the contingency plan annually</p>
<ul style="list-style-type: none"> <li>• <b>Incapacitated investment decision makers?</b></li> </ul>	<p>OAM's business continuity plans cover a variety of scenarios including those associated with day-to-day operational difficulties (power shortages, security access problems, failure of interfaces with service providers, prolonged illness of staff, unanticipated absence of key staff etc.).</p> <p>Specifically in relation to investment management and other front-office activities the portfolio is principally managed by Harald James Otterhaug. To take into account any potential events that may affect Mr. James Otterhaug backup routines are in place and key procedures are documented. This is naturally more difficult to do for investment decision making, however the focus and close interaction of the team begins to mitigate any issues. In addition, Lars Tjeldflaat is involved in all research, position building, liquidating and position management issues and is perfectly located to step in, in the event that Mr. James Otterhaug is unavailable. Were this to be for a prolonged period the Compliance Officer would also be involved and discussions with the fund's board of directors would take place. The small scale of the organisation and interaction that all individuals have at all times is considered a significant advantage as position visibility and intentions is very clear and should be straightforward to manage</p>



<ul style="list-style-type: none"> <li>• <b>Technical failure at Prime Broker's location?</b></li> </ul>	<p>In the event of an emergency or technical fault, UBS aims to continue its Prime Brokerage Services business as normal. To achieve this, they maintain procedures that are reviewed and updated regularly to reflect the changing political environment, business goals and technology platforms. These reviews may include the use of external consultants with expertise in business continuity management to validate the findings.</p> <p>Formal tests of these procedures occur throughout the year and may include "denial of access" scenarios where both staff and computer hardware operate from dedicated back up facilities. In addition, regular testing of the dedicated, replicated computer hardware is performed on an application-by-application basis</p> <p>In the event of any business being relocated to an alternative site, all clients would be notified as soon as practically possible. This is intended to be seamless to the day to day running of the account</p>
<ul style="list-style-type: none"> <li>• <b>Back-up systems?</b></li> </ul>	<p>OAM has outsourced its IT function to Aker ASA as described in the service level agreement between the two companies. Aker ASA has a mature and comprehensive BCP infrastructure that complies with the strict regulatory requirements for this type of outsourcing arrangement. Through our agreement with Aker ASA we seek to ensure that potential systems interruption will be solved as quickly as possible and that back-ups of all data are taken daily to prevent loss of data. The back-up data is stored in a safe-deposit box on a weekly basis.</p>

Please attach the most recent disclosure document, information memorandum, and marketing literature.

In the event of amendments to the aforementioned documents, notably the memorandum, please ensure that we will receive those directly from you within reasonable time, as well as copies of proxy's and notification of the Annual General Meeting (the latter only for information purposes).

Please state the name and title of the officer at your company who has prepared and reviewed this questionnaire.

Signature:	
Name:	Harald James Otterhaug
Position:	Managing Director
Date:	