



Stoneware Capital LLP

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United Kingdom

Stoneware Capital LLP announces subscription of €25 million into Boston & Alexander SICAV-FIS.

NOTE: Please read the Disclaimer at the end of this announcement. The investment products and services of Stoneware are only available to professional clients and eligible counterparties.

On 31st March 2010, Stoneware Capital LLP was appointed the Investment Manager of the Boston & Alexander Number One Fund Limited (“the Fund”), a recognised Professional Fund incorporated in the British Virgin Islands, and simultaneously entered into an agreement with Boston and Alexander LLP for them to provide investment management services as a sub-advisor. Mr. Rory Passey is the co-founder of Boston and Alexander LLP and the Fund has been continuously managed by him on a day to day basis since the Fund’s inception in January 2004.

In November 2010, a new Luxembourg SICAV was incorporated: the Boston & Alexander Société d’Investissement à Capital Variable – Fonds d’Investissement Spécialisé (“SICAV-FIS”). The SICAV-FIS was created to accept a new subscription of €25 million (US\$33 million) from IMQubator. The BVI Fund has become a Feeder Fund to the SICAV-FIS, which is now the Master Fund with assets of approximately €32 million (US\$42 million).

The investment strategy is to participate in *convertible bond arbitrage* with some *capital structure arbitrage* and *special situations arbitrage*. The strategy is differentiated from other funds in the way that risk is taken and hedged. For example, to the extent possible, the portfolio is not exposed to substantial directional risk in equity price (delta), credit spreads (omicron), interest rates (rho) or equity volatility (vega). The investment manager does not speculate deliberately in any of these areas.

As a result of adopting the above conservative investment strategy, performance of the Fund has been positive in each of last seven years and demonstrated substantial out-performance of comparable convertible bond fund indices:

Year	Returns [†]	Period	Compound Annualised Returns [†]
2004	+2.2%	1 Year 3 Year 5 Year since inception	+8.0% +8.3% +8.8% +6.8%
2005	+0.3%		
2006	+8.9%		
2007	+10.5%		
2008	+1.9%		
2009	+15.9%		
2010 YTD	+6.8%		
<i>Notes:</i> [†] - Returns are for the EUR Share Class of the Boston & Alexander Number One Fund Limited as at 31 st October 2010, after costs and fees, assuming net dividends re-invested. GBP and USD Share Classes are also available. 2010 year-to-date returns have not been audited but have been calculated from the NAV’s prepared by the Fund’s Administrator. Past performance is not a predictor of future results.			

Further details and the respective funds’ offering memoranda are available on request.

About Stoneware Capital LLP (“Stoneware”):

Stoneware was incorporated in April 2006 as a UK limited liability partnership under the laws of England and Wales and is based in London, England. The firm is authorised and regulated by the FSA. Stoneware was founded by Mr. Richard Rothwell, who is managing partner of Stoneware and investment manager of

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Authorised and regulated by the Financial Services Authority

The Stoneware Global Equities Fund, a global equities long/short hedge fund. Mr. Rothwell is also Vice Chairman of the CFA Society of the UK, one of the largest member societies of the CFA Institute; he is a founding director of SHINE, a leading charity which helps in the education of disadvantaged children; and he is a non-executive advisor to Eschler Asset Management LLP. Mr. Rothwell was previously a senior investment manager and member of the firm's Investment Policy Committee at Northern Trust and Deutsche Asset Management and prior to that was a fund manager at Hermes Investment Manager and an audit manager at Arthur Andersen & Co in London and Singapore. He holds a Masters degree in Natural Sciences (Hons) from St. John's College, Cambridge University and is qualified with the Institute of Chartered Accountants in England & Wales. When attaining his professional ASIP qualification, he was awarded the Wincott Foundation Prize by the Institute of Investment Management and Research, a precursor of the CFA Society of the UK. Stoneware's assets under management plus other advisory assets of Mr. Rothwell currently amount to approximately €96 million (US\$129 million)

About Boston & Alexander:

Boston and Alexander LLP was founded in 2010 by Mr. Rory Passey and Mr. Patrick Hall. Mr. Passey has traded straight bonds and convertible bonds since 1981. Originally employed by Akroyd and Smithers, he assumed sole charge of trading and risk management of Euro Sterling Bonds in 1983. He moved to James Capel in 1986 and was responsible for all Euro Sterling bond trading. In 1992 he was hired by CSFB UK Ltd as a Director with joint responsibility for establishing European equity proprietary trading. He held various advisory positions through the mid 1990s, advising on convertible bond and other derivative strategies. He was hired by Jefferies International Limited in August 1997 with responsibility for structured product trading and research. Subsequently hired by Fortis as head of convertible bond arbitrage proprietary trading, his most recent position on the sell side was at Commerzbank UK as head of convertible bond research.

Mr. Hall has been working in the financial markets for over 20 years. He trained with Chemical Bank in the Foreign exchange department before spending ten years at Citibank. He was appointed global head of FX proprietary trading in 1997 focusing on currencies and fixed income as well as joining the global management team. In 2002 he left to establish Magi Fund (Global Macro) as Chief Executive. In 2004 he joined SemperMacro where he was a Partner before joining Nylon Capital LLP in February 2007. He was appointed CEO in November 2007 responsible for risk management and all business issues. Mr. Hall obtained a BSc. from Bristol University in 1984.

About IMQubator:

IMQubator (www.IMQubator.com) was founded in January 2009 and invests in top investment professionals by participating in their new and innovative investment funds. IMQubator has currently allocated €175 million (US\$234 million) to seven managers and has an additional €75 million (US\$100 million) of unallocated capital.

SOURCE: Stoneware Capital LLP

Date: 23rd November 2010

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Disclaimer

This announcement is issued by Stoneware Capital LLP, which is authorised and regulated by the Financial Services Authority. The investment products and services of Stoneware are only available to professional clients and eligible counterparties; they are not available to retail (investment) clients. The Stoneware Global Equities Fund, The Boston & Alexander Number One Fund and Boston & Alexander SICAV-FIS (together, the “Funds”) are only suitable for sophisticated investors who are aware of the risks of investing in hedge funds.

This announcement is neither an offer to sell nor a solicitation of any offer to buy shares in the Funds and should not be relied on in making any investment decision. Any offering is made only pursuant to the relevant prospectus, together with the respective current financial statements and the relevant subscription documents all of which must be read in their entirety. No offer to purchase shares will be made or accepted prior to receipt by the offeree of these documents and the completion of all appropriate documentation. The shares have not and will not be registered for sale, and there will be no public offering of the shares. No offer to sell (or solicitation of an offer to buy) will be made in any jurisdiction in which such offer or solicitation would be unlawful. No representation is given that any statements made in this announcement are correct or that objectives will be achieved. The announcement contains the opinions of the author and such opinions are subject to change without notice. Information contained herein has been obtained from sources believed to be reliable, but not guaranteed.

It should not be assumed that investments made in the future into the Funds that are described herein will be profitable. Nothing described herein is intended to imply that an investment in the Funds is “safe”, “conservative”, “risk free” or “risk averse”. An investment in the Funds entails substantial risks, including, but not limited to, those listed below, and a prospective investor should carefully consider the following summary of risk factors and carefully read the section of the relevant Fund’s Prospectus entitled “Risk Factors” in determining whether an investment in the Funds is suitable. This investment does not consider the specific investment objective, financial situation or particular needs of any investor and an investment in the Funds is not suitable for all investors. Prospective investors should not rely upon this document for tax, accounting or legal advice. Prospective investors should consult their own tax, legal accounting or other advisors about the issues discussed herein. Investors are also reminded that past performance should not be seen as an indication of future performance and that they might not get back the amount that they originally invested. The price of shares and the income from the Funds can go down as well as up and be affected by changes in rates of exchange. No recommendation is made positive or otherwise regarding individual securities mentioned herein. The Financial Services Authority rules for the protection of retail (investment) clients do not apply in respect of an investment in these Funds and investors in the UK are reminded that they will not benefit from the Financial Services Compensation Scheme.

The following is a brief summary of only some of the risk factors which may apply to the Funds: ***Investment and Trading Risks in General:*** the Funds’ capital may be lost in its entirety. The Funds’ investment program will utilize investment techniques such as leverage, options and other derivatives, practices which can, in certain circumstances, maximize the adverse impact to which the Funds may be subject. ***Futures:*** Futures prices are highly volatile and this may lead to substantial risks and returns. A relatively small price movement in a futures contract may result in immediate and substantial gains or losses for the Funds. Futures trading at times may be illiquid. Due to regulatory requirements, the Funds may be unable to take futures positions in particular futures or may be forced to liquidate positions in particular futures. ***Stock Index Options:*** The Funds may purchase and sell call and put options on stock indices listed on securities exchanges or traded in the over-the-counter market. Successful use by the Funds of options on stock indices will be subject to the Investment Manager’s ability to correctly predict price movements in the direction of the stock market generally or of particular industries or market segments. ***Short Sales:*** The Funds will engage in “short sale” transactions. In a generally rising market, the Funds’ short positions may be more likely to result in losses because the environment would be more conducive for the securities sold short to increase in value. A short sale involves the theoretically unlimited risk of an increase in the market price of the securities sold short. ***Leverage:*** The Funds expects to use significant “leverage”, or borrowing and will pledge its assets to financial institutions to achieve this. Borrowing will tend to magnify the profits or losses of the Funds and subject the Funds to a “margin call,” pursuant to which the Funds must either deposit additional funds with the broker, or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a sudden precipitous drop in the value of the Funds’ assets, the Funds might not be able to liquidate assets quickly enough to pay off its margin debt. ***Hedging Transactions:*** The Funds may utilize options and swaps for hedging purposes or as part of its trading strategies. Hedging transactions may limit the opportunity for gain; also the Funds may not be able to achieve the intended hedge and protect its assets against declines in the value. ***Currency Hedging:*** the value of unhedged assets of the Funds will fluctuate with exchange rates as well as with price changes of the Funds’ investments in the various local markets and currencies. ***Forward Currency Contracts:*** The Funds may enter into forward currency contracts, swaps or other forms of derivative instruments for purposes of hedging currency exposure. Forward currency contracts, swaps

and other derivatives are subject to the risk of non-performance by the counterparty. Forward currency contracts, swaps and other derivatives are not guaranteed by an exchange or clearing house or regulated by any U.S. or foreign governmental authority. It may not be possible to dispose of or close out a forward, swap or derivative position without the consent of the counterparty, and the Funds may not be able to enter into an offsetting contract in order to cover its risk. **Options:** The Funds may invest in, or write, options. The purchaser of a put or call option runs the risk of losing his entire investment in a relatively short period of time if an option expires unexercised. The uncovered writer of a call option is subject to a risk of loss should the price of the underlying security increase, and the uncovered writer of a put option is subject to a risk of loss should the price of the underlying security decrease. **Swaps and Derivatives:** The Funds may invest and trade in swaps, contracts for differences (CFDs), “synthetic” or derivative instruments, certain types of options and other customized financial instruments. Swaps and other derivatives are subject to the risk of non-performance by the swap counterparty, are not guaranteed by an exchange or clearing house or regulated by any U.S. or foreign governmental authority. It may not be possible to dispose of or close out a swap or other derivative position without the consent of the counterparty, and the Funds may not be able to enter into an offsetting contract in order to be able to cover its risk. **Illiquid Assets:** The Funds may invest in instruments for which the markets are limited and illiquid. Consequently, it may be relatively difficult for the Funds to dispose of investments rapidly at favorable prices.

Emerging Markets Securities. Investing in securities of issuers based in emerging markets involves risks and the Funds will be exposed to the consequences of potential political, economic, social and diplomatic changes in such markets. **Limited Liquidity:** There is not expected to be any secondary market for Shares of the Funds. The Directors of the Funds have the power to suspend redemptions or to compulsorily redeem Shares at the Directors’ discretion in certain circumstances. **Absence of Regulatory Oversight:** the Funds are not registered under the U.S. Investment Company Act of 1940, as amended (the “Investment Company Act”), or any other similar law of any other country or jurisdiction (other than registration with the Cayman Islands Monetary Authority). Accordingly, certain provisions of the Investment Company Act will not be applicable. **Performance Fee:** the payment to the Investment Manager of a fee based upon the performance of the Funds may create an incentive for the Investment Manager to cause the Funds to make investments that are riskier or more speculative than would be the case in the absence of such a fee. **Prime Broker Risks:** the Funds will rank as one of the unsecured creditors of the prime broker and, in the event of the insolvency of the prime broker, the Funds may not be able to recover such equivalent assets in full. The Funds will be subject to the risk of the inability of the prime broker to perform with respect to transactions, whether due to insolvency, bankruptcy or other causes. **Systemic Risk:** Credit risk may also arise through a default by one or several large institutions that are dependent on one another to meet their liquidity or operational needs, so that a default by one institution causes a series of defaults by the other institutions. **Lack of Diversification:** concentration of the Funds’ assets may tend to result in more rapid changes in the Net Asset Value than would be the case if the Funds were required to maintain a wider diversification among industry sectors, securities and type of securities and other instruments, and may result in the Funds’ returns being volatile. **Conflicts of Interest:** The Investment Manager may, from time to time, face conflicts of interest relating to its dealings with the Funds. **Valuation of Fund Assets:** The Funds’ securities will be valued by reference to their market price, but when no market exists for an investment or the market price does not fairly represent the value of the investment, the Directors will value such investment as they reasonably determine. The Funds are not required to have such valuations independently determined.

The foregoing summary list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment in the Funds. Prospective investors must read the entire Offering Memorandum of the Funds and consult with their own legal, tax and financial advisers before deciding to invest in the Funds.