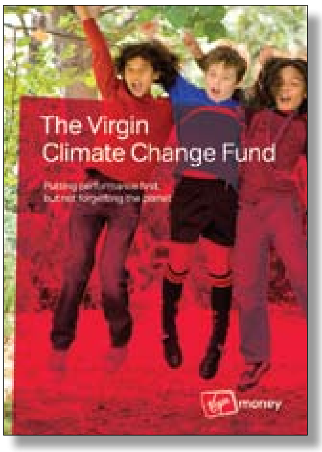
Virgin Climate Change Fund

PERFORMANCE 31 MAY 2009



Fund description

The Virgin Climate Change Fund is long only and targets companies with a lighter-than-average environmental footprint. This is based on our expectation that damage costs associated with environmental pollution that are currently external to most companies' P&Ls will be forced by regulators and legislators to be internalised. This should give a competitive advantage to "lighter" companies. The strategy is based on three main components. 1) Stocks in the GLG European Equity Fund are put through a "Green Filter", which restricts holdings to those that have a lighter than average environmental footprint in their sector, based on data from Trucost plc, the environmental consultancy. This will typically account for 75-100% of the weightings in the Virgin Climate Change Fund. 2) The "Solution Adopters". Companies that are world leaders in seeking and adopting ways to minimise their footprint. This may account for up to 15% of the Fund. 3) The "Solution Providers". Companies that own the intellectual property for the solutions to environmental problems, including the Alternative Energy stocks. This may account for up to 10% of the Fund.

	Historical Net Performance (%)												Year to date	Cumulative Net Return
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC		
2008	2.40	2.56	(0.14)	2.17	3.77	(10.92)	(7.92)	0.47	(18.03)	(19.60)	(7.70)	4.97	(41.49)%	MSCI* (32.30)%
2009	(3.81)	(8.24)	0.31	10.71	4.64								2.56%	MSCI* 4.40%

**MSCI Daily TR Net Europe Index (loc) since inception on 18 January 2008 Source: GLG Partners LP*

Monthly comment

Pierre Lagrange
Senior Portfolio Manager

The Virgin Climate Change Fund ("The Fund") rose 4.64% in May, while the MSCI Europe (total return net) rose 4.40%, giving outperformance of 24 bps on the month. On a YTD basis the Fund is catching up but is still under underperforming the benchmark by 156 bps.

Our attribution by risk factor showed a small negative contribution from sector allocation and a positive contribution from our stock selection.

Stock selection was a positive driver to contribution adding +39 bps on the month with particularly positive performance from our positions in HSBC and BNP, and also Ceres Power and Fiat which have in fact been among our top single stock contributors this year. Both positions have now been trimmed at substantial gains. The continuing strong stock picking returns in Energy, Capital Goods and Banks outweighed a weaker performance in Diversified Financials and Consumer Services. HSBC disappointed with results early in the month and a rights issue resulting in some technical selling pressure. However, we view this as arguably the best-capitalised bank in the world, with no government ownership or moral claim, and therefore as being in a very strong position to exploit the weakness of its peers. In our view, this is not reflected in the stock's small premium to book.

Sector weighting returned -5 bps where our winning underweights in Telecoms were offset by losing overweights in both Semiconductors and Consumer Services (the old Hotels, Restaurants and Leisure sector) in addition to our underweight in Energy (since closed out). Our Media position was closed out back to neutral near the end of the month, on the basis that this is an essentially defensive sector that should suffer in reflation. Semiconductors remain a small (0.9%) overweight via positions in ASML.

Sector leadership started to broaden out after a strong cyclical rally since the 10 March market low. While Financials still led, both on the uneventful passing of the stress tests and on the application by some banks to pay back TARP money, some defensives started to perform again after several months of underperformance. Flows data show that institutions have been aggressively selling defensive sectors and buying financials since the market trough, but have not been aggressive buyers of cyclicals. This behaviour is more redolent of a sustainable market rally than of a bear market, dead cat bounce. Our view is that this rally can run further as economic newsflow improves, with a decent chance of a positive growth surprise in Q3 or Q4 of this year in the US. We also expect that the Chinese economic recovery will continue through at least Q3. Generally, inflation trades should continue to do well in an environment that becomes more and more analagous to the 1970s. As our consultant, Professor Niall Ferguson of Harvard University puts it, we may be about to re-experience the 1970s in order to avoid the 1930s. The parallels are strong: debt/GDP is high and rising sharply, government deficits are huge, the money supply is expanding radically, and commodity inflation could continue apace on the back of decades of underinvestment in mining capacity coinciding with growing demand from emerging economies.

It is perfectly possible to combine weak real activity with high inflation, as the 1970s showed.

Among our largest factor exposures, we are underweight medium term price momentum, which has been working well for us, and overweight mid caps versus large caps, which is also working.

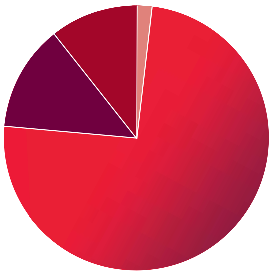
Sectorwise, we are still overweight IT, after very strong performance earlier in the year, and long Consumer Discretionary, while we are underweight defensives such as Telecoms and Staples, and to a lesser extent Utilities. These sector positions are on watch after the strong performance off the market trough, with several strategists now calling for them to roll back over as confidence in the economic rebound (off very weak levels) starts to fade later this year. The timing on this, though, is going to be tough to call, and for now, we are happy to sit with these positions as we do not believe that the consensus has moved sufficiently back into risk.

In terms of global market context, the risk rally roared on in May, with Emerging Markets and commodities up substantially while government bond markets sold off. Nearly all other inflation trades worked well on the month, with EMU 10 year treasury yields rising further to end the month at 3.59%, up from 2.95% in December. Gold was up 10% on the month.

On the environment side, our footprint was 34.24% lighter than the market at month end in line with our target.

In solution adopters we decided to focus on pure efficiency players, closing positions in Vodafone and SAP for instance and initiating positions in Acciona which has succeeded its transformation from a traditional building and construction profile to a leading renewable player (top 3 wind farm developers, top 10 turbine manufacturer, etc) and Gas Natural. In solution providers we remain focused on core clean but mature technology such as Vestas Wind Systems.

Strategy Allocation



CASH	7.5%
SOLUTION PROVIDERS STRATEGY	6.35%
SOLUTION ADOPTERS STRATEGY	6.19%
CLEAN EUROPEAN EQUITY STRATEGY	79.96%

Source: GLG Partners LP

Largest Clean European Equity

COMPANY	INDUSTRY	% OF FUND
Muenchener Rueckversicherungs	Financial	5.66%
Imperial Tobacco Group Plc	Financial	4.89%
Banco Santander SA	Financial	4.43%
Vodaphone Group plc	Communications	3.96%
HSBC Holdings plc	Financial	3.76%
Autonomy Corporation Plc	Technology	2.70%
Royal Dutch Shell Plc	Energy	2.06%
Tullow Oil Plc	Energy	2.02%
BP Plc	Energy	1.98%
Xstrata Plc	Basic Materials	1.80%
Total SA	Energy	1.76%
France Telecom SA	Communications	1.72%
Credit Suisse Group	Financial	1.68%
Daimler AG	Consumer, Cyclical	1.63%
Sanofi-Aventis	Consumer, Non-cyclical	1.58%

Largest Adopters / Providers

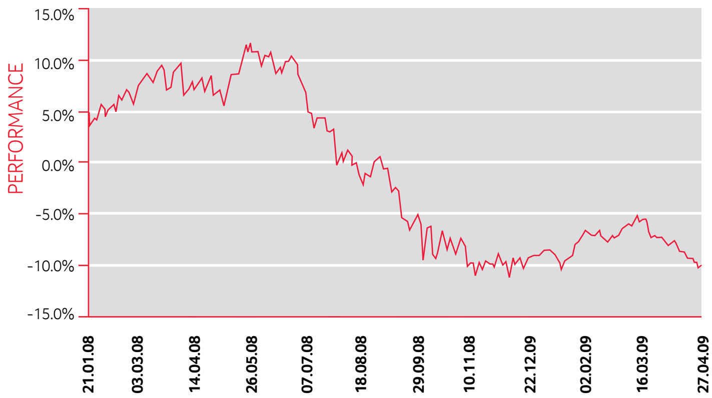
SOLUTION ADOPTERS	INDUSTRY	% OF FUND
Climate Exchange Plc	Financial	1.76%
Alstrom	Industrial	1.64%
Novartis AG	Consumer, Non-cyclical	0.96%

SOLUTION PROVIDERS	INDUSTRY	% OF FUND
Electricite de France	Utilities	3.58%
Autonomy Corporation Plc	Technology	1.54%
Ceres Power Holdings	Utilities	0.76%

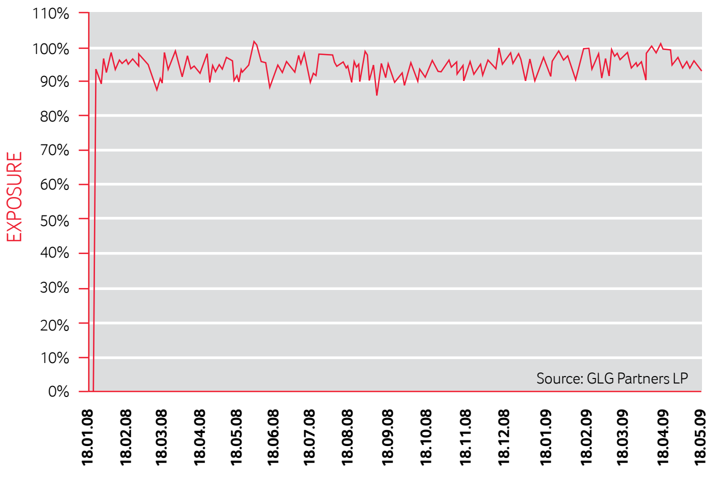
Source: GLG Partners LP

Performance relative to MSCI Europe Index

Source: GLG Partners LP, Bloomberg



Exposure as % of Capital



Source: GLG Partners LP

Our aim is to have a 30%-50% Lighter Environmental footprint vs. MSCI Europe Index

MSCI EUROPE 2.95%

CLEAN EUROPEAN EQUITY STRATEGY 1.94%

BETTER BY 34.24%

Chart shows GLG's calculation of MSCI Europe Index and the Clean European Equity strategy's environmental footprint using Trucost data. The environment footprint is the annual damage cost divided by market capitalisation.

Source: GLG Partners LP

Main characteristics

INCEPTION:
18 Jan 2008 at £1

CURRENCIES:
GBP

DEALING DAY:
Daily

DIVIDEND POLICY:
Non-distributing

DOMICILE:
UK

LISTING:
Not listed

REDEMPTION NOTICE:
1 business day

MANAGEMENT FEE:
1.75% per annum

PERFORMANCE FEE:
20% over BoE base rate

MINIMUM INVESTMENT:
£500 lump sum or £50 monthly