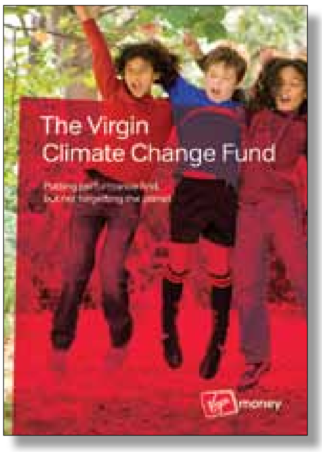
Virgin Climate Change Fund

QUARTERLY PERFORMANCE
ENDED 31 MARCH 2010



Fund description

The Virgin Climate Change Fund ("the 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) The GLG European Equity Fund put through a "Green Filter" which restricts holdings to stocks 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% of the weightings in the Virgin Climate Change Fund; 2) The "Solution Adopters". Companies that are world leaders are seeking and adopting ways to minimise their footprint. This may account for between 10-15% of the Fund; and 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 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	(0.80)	6.20	6.42	2.24	(3.98)	1.60	3.87	19.14%	MSCI* 27.70%
2010	(3.94)	(0.94)	7.95	–	–	–	–	–	–	–	–	–	–	MSCI* 3.51%

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

Quarterly comment

Pierre Lagrange
Senior Portfolio Manager

The Virgin Climate Change Fund ("the Fund") was up 2.71% over the first quarter of 2010, while the MSCI Europe (total return net) was up 3.51% during that period, giving underperformance of 80bps on the quarter.

Performance and Attribution

The bulk of the underperformance came from stock selection in four sectors: Insurance, Diversified Financials, Consumer Services, and Capital Goods.

Stock selection was positive in Energy, Materials, Software and Banks.

Our holdings in two UK pub stocks caused 100 bps of underperformance. We strongly believe these are undervalued businesses which trade at 50-70% discount and have the potential to double over the medium term. Hence, we continue to hold the positions.

Within Capital Goods, Ceres Power, the fuel cell manufacturer, underperformed as its results were weaker than expected. This was due to minor delays in both signing a lease on its Horsham facility and its deal with Daalderop who will provide the boiler assembly to hold the fuel cells. However within the next six months, Ceres Power expects to have completed the CE European certification process for its fuel cell unit and started Commercial Field Trials (Beta Phase II). The company started sheltered field trials in Q1 2010, and still expects to launch a commercial product in the UK in the second half of 2011. Another positive catalyst comes from the introduction of a feed in tariff in the UK whereby households and communities can claim payment for low carbon electricity they produce, which should support commercial roll out and revenue. We like the stock and continue to own it.

In Diversified Financials, Climate Exchange underperformed. Climate Exchange has been an early mover in developing exchange platforms which provide a venue for trading Emissions Permit derivatives – primarily carbon dioxide but also other gases such as SO_2 and NOx. It retains market share of over 95% in European emissions derivatives and is dominant in the US, providing a strong starting position for the potential implementation of a cap and trade programme there. It has underperformed as the US climate bill, including the US cap and trade scheme, has been revised and delayed; however, we believe this is a timing issue and that the US climate legislation will indeed materialise. We believe Climate Exchange would be best positioned for this eventuality; it is a long term holding for us.

On the positive side, our calls on banks have worked well. Over this period, three bank names appear in our best performers including Santander, BNP Paribas and Lloyds Banking Group. We were invested early in Santander and BNP Paribas as, based on our analysis, they were among the strongest banks in Europe unaffected by the financial sector issues. For Lloyds we believed the stock was cheap and that the market was overly concerned by its impairment risk. As the debt cycle concluded, the stock rallied.

In the software segment we benefited from good performance in Autonomy who delivered solid numbers and, who we believe, is a fantastic earnings upgrade story offering over 20% topline growth while trading at 18x earnings. At the moment, the market expects software king Mike Lynch, CEO of Autonomy, to consider a major US acquisition after raising £500m via a convertible bond issue in February. Typically Autonomy deals have seen 20% accretion and we see no reason why this would change. Furthermore organic growth has accelerated (+20% in 2009, +25% in 2010).

Positioning

Overall, in our long only European equities we have been positioned for a strong positive surprise from the US and the global economy, where high beta and high risk names should do well. While this strategy lagged in the first part of 2010 due to a defensive market rotation between December and mid February, it has started to pay off since as the market reversed again.

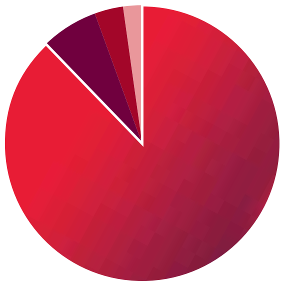
Outlook

We believe in a strong positive surprise of global GDP driven by business investments and employment growth. We also think that European equities offer strong upside growth potential as they are currently trading at a discount when compared to the long term average of equity prices. Assuming that Sovereign Funding does not derail, which is our current expectation, indicators show a possible 20-25% upside potential for European equities to get to fair value.

Footprint

Over the quarter the Fund's footprint has been 43.27% lighter than the market on average.

Strategy Allocation



CLEAN EUROPEAN EQUITY STRATEGY	88.03%
SOLUTION PROVIDERS STRATEGY	6.43%
CASH	3.36%
SOLUTION ADOPTERS STRATEGY	2.18%

Source: GLG Partners LP

Largest Clean European Equity

COMPANY	INDUSTRY	% OF FUND
Arcelormittal	Basic Materials	5.43%
BP Plc	Energy	3.43%
BNP Paribas	Financial	3.34%
Petrofac Ltd	Energy	3.26%
Unilever NV	Consumer, (Non-cyclical)	3.23%
Novozymes AS	Consumer, (Non-cyclical)	2.97%
Vodafone Group Plc	Communications	2.88%
Fortis	Financial	2.67%
Swiss Re	Financial	2.63%
British Sky Broadcasting	Communications	2.56%
K+S AG	Basic Materials	2.49%
Autonomy Corporation Plc	Technology	2.45%
Tullow Oil Plc	Energy	2.43%
Man AG	Consumer (Cyclical)	2.33%
Lloyds Banking Group Plc	Financial	2.28%

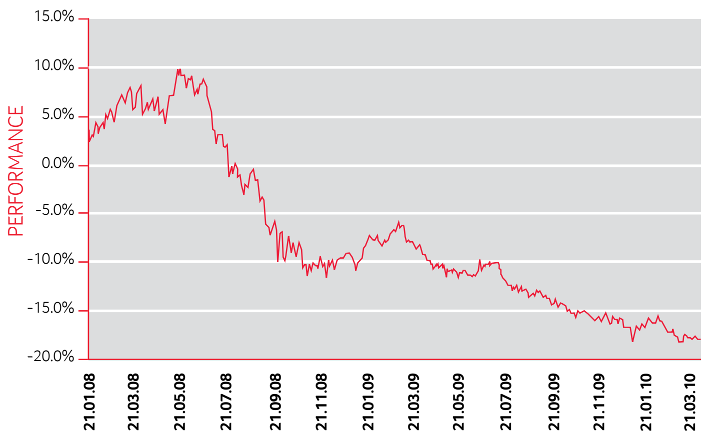
Largest Adopters / Providers

SOLUTION ADOPTERS	INDUSTRY	% OF FUND
Climate Bayer AG	Basic Materials	0.98%
Gas Natural SDG SA	Utilities	0.90%
Hansen Transmissions Intl	Utilities	0.63%

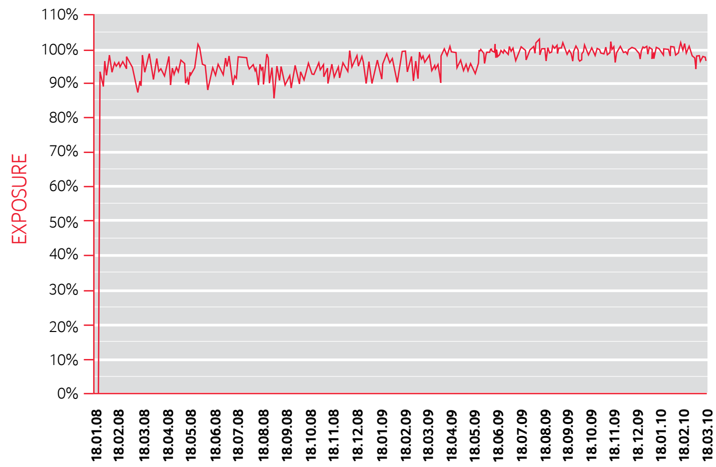
SOLUTION PROVIDERS	INDUSTRY	% OF FUND
Electricité de France	Utilities	2.74%
Autonomy Corporation Plc	Technology	1.57%
Ceres Power Holdings Plc	Utilities	0.92%

Source: GLG Partners LP

Performance relative to MSCI Europe Index



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
3.05%

CLEAN EUROPEAN EQUITY STRATEGY
1.73%

BETTER BY 43.27%

Data for Q1 2010. 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

Virgin money

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