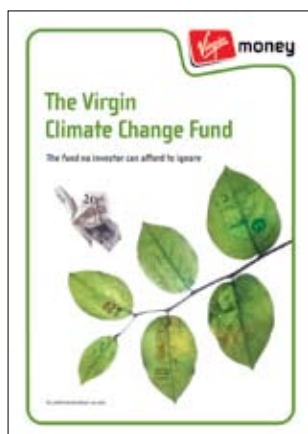


Virgin Climate Change Fund

PERFORMANCE 31 JULY 2008



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&Gs 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.

														(8.80)%
2008	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD	MSCI*
		2.40	2.56	(0.14)	2.17	3.77	(10.92)	(7.92)						(8.80)

*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 fell by 7.92% in July, whilst the MSCI Europe Index fell by 1.90% during the month. This leaves our year-to-date performance still slightly ahead of the MSCI Europe benchmark, but clearly we have given up a large amount of excess return previously accumulated.

The 1.9% fall for the benchmark masks a very pronounced intra-month rotation which saw the Index sell-off no less than 7.6%, marking its low on 15th July, and then rallying 6.2% to month end. Within this, sector performance was also unusually volatile. For example, in the first half of the month as markets fell, European banks fell 10.3%, only to rally 14.8% into month end. Conversely, Telecoms stocks were highly defensive in the falling market, being the second best-performing sector in the first two weeks but were the worst sector in the market in the second half of the month.

The 20 day return dispersion of sectors is the highest that it has been in over 5 years.

Our analysis shows that our underperformance in the month was spread almost evenly between sector selection and stock selection. At the sector level, we were strongly underweight Banks through most of the month but took the decision to neutralise this underweight towards the end of the month, leaving us with a very small underweight. To free up funds to do this we sold our Telecoms overweight at the same time.

The rationale behind this move is that while we remain resolutely bearish of the fundamentals in Banks, it is not clear that this bear market squeeze has ended and there are reasons to think it could continue for another few months. Technical indicators did reach extreme oversold levels mid-month, as indicated by the bull-bear balance, put-call spreads and the breadth of stocks falling 20% from their 52 week highs. Also, market valuation reached nearly 2 standard deviations cheaper mid-month on our models. All of this would indicate that the squeeze up in markets and the most shorted sectors can run further from here, hence our now neutral weight on Banks. That said our financials team is convinced that there will be significant further negative revisions to Banks' earnings in the months ahead, as attention switches from asset write-downs from the trading books to rising loan loss provisions. Indeed, this trend has already started to reveal itself as seen in sharply rising non-performing loans (the precursor to rising loan loss provisions) from, among others, Santander, BBVA, HBOS and Lloyds in Q2. So we will be looking to restore our underweight in the sector at some point.

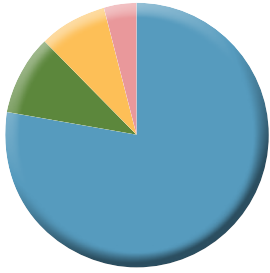
At the stock level, we had a negative contribution to relative performance mainly from our Telecoms and Materials stocks. Telenor was weak on downgraded guidance for its top line growth, which followed on from a revenue disappointment from Vodafone and weighed on the sector generally. Uralkaliy was sold down in a general switch out of the agricultural theme during the trend-reversal. Outokumpu was weak on sagging stainless steel demand and nickel inventory write-downs as construction activity has weakened. During the month we closed out positions in MAN and SocGen, and we added positions in Munich Re, Santander, Siemens, Smiths Group, Impala Platinum and E.On.

In Solution Adopters and Solution Providers we added new positions in Impala Platinum and Umicore. Thanks to the merger between Gaz de France and Suez Group and the spin off of some of Suez' activities, the Fund has new positions in GDF Suez Group and Suez Environment. Meanwhile, we reduced our positions throughout both Utilities and Materials given the volatility these sectors were facing.

Finally, regarding our footprint, we note that despite our high exposure to sectors with relatively high environmental footprints, the overall Fund's footprint was 42.8% lighter than the MSCI Europe benchmark as at month end.



STRATEGY ALLOCATION



SOLUTION PROVIDERS STRATEGY	8%
SOLUTION ADOPTERS STRATEGY	9%
CASH	2%
EUROPEAN EQUITY LIGHT FOOTPRINT	81%

Source: GLG Partners LP

LARGEST CLEAN EUROPEAN EQUITY

COMPANY	INDUSTRY	% OF FUND
Imperial Tobacco Group PLC	Consumer, Non-Cyclical	6.53%
BG Group Plc	Energy	5.32%
Roche Holding AG	Consumer, Non-Cyclical	5.28%
Telenor ASA	Communications	5.22%
Muenchener Rueckversicherungs	Financials	4.69%
Outokumpu Oyj	Basic Materials	3.98%
Banco Santander SA	Financials	3.86%
RAB Capital Plc	Financials	3.81%
Demag Cranes AG	Industrial	3.60%
Hansen Transmissions Intl	Utilities	3.51%
Sika Finanz AG	Industrial	3.27%
Vedanta Resources Plc	Basic Materials	3.20%
Societe Television Francaise 1	Communications	3.10%
Grifols SA	Consumer, Non-cyclical	3.03%
Prudential PLC	Financial	2.95%

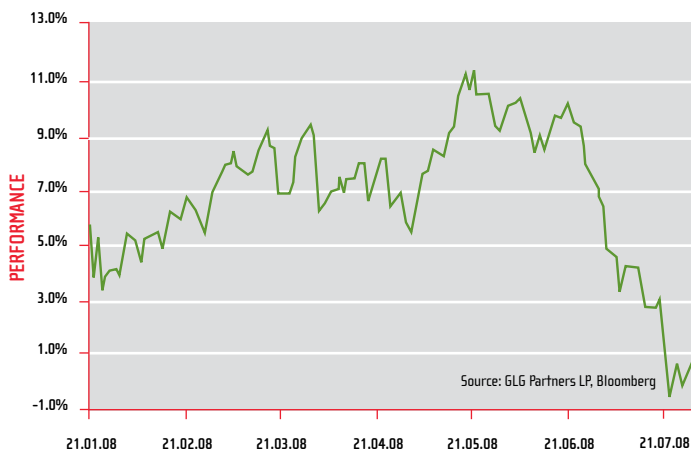
LARGEST ADOPTERS / PROVIDERS

SOLUTION ADOPTERS	INDUSTRY	% OF FUND
GDF Suez	Utilities	2.81%
Alstom	Industrial	1.55%
ABB Ltd	Industrial	1.41%

SOLUTION PROVIDERS	INDUSTRY	% OF FUND
Uralkaliy	Basic Materials	3.07%
Fischer (Georg)	Consumer, Cyclical	1.27%
Impala Platinum Holdings Ltd	Basic Materials	1.14%

Source: GLG Partners LP

PERFORMANCE RELATIVE TO MSCI EUROPE INDEX



Source: GLG Partners LP, Bloomberg

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

MSCI EUROPE
3.31%

CLEAN EUROPEAN EQUITY STRATEGY

1.89%

BETTER BY
42.8%

Chart shows GLG's calculation of MSCI Europe Index and the Clean European Equity strategies 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

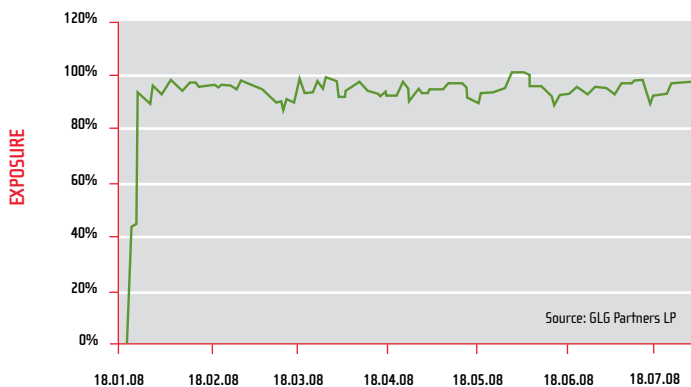
REDEMPTION NOTICE:
1 business day

MANAGEMENT FEE:
1.75% per annum

PERFORMANCE FEE:
20% over BoE base rate

MINIMUM INVESTMENT:
£500 lump sum or £50 monthly

EXPOSURE AS % OF CAPITAL



Source: GLG Partners LP