Appendix: Hedge Fund Investor Survey

Jo-Anne Ho 3F, Tze-Yun Street
International MBA Candidate Taipei 110, Taiwan
National Chengchi University Mobile: +886 916 281 666

16 December, 2004

Dear Investor,

I am an International MBA candidate at the National Chengchi University in Taipei. A survey is conducted for the thesis “Factors Influencing Hedge Fund Investment Decision for Sophisticated Investors in Hong Kong”. The research objective is to provide the hedge fund industry and the general investing public in Taiwan more insightful information of how sophisticated investors in Hong Kong relate to hedge fund investment. Due to the likeness of the financial climate in both markets, Taiwan could use existing successful implementations and references in Hong Kong for better preparation for hedge funds to enter.

The survey is designed to study the factors that influence your decisions in an effort to understand and analyze your perception of hedge funds. Your opinion is very important and valuable to this research in order to test the hypotheses and provide reflections that could shape the understandings of the financial community.

Enclosed please find the Hedge Fund Investor Survey. I kindly ask for your completion of the Survey and return it by 31 December, 2004 via e-mail to g1933021@nccu.edu.tw. All contents of this survey are ABSOLUTELY CONFIDENTIAL. Information identifying the respondent will not be disclosed under any circumstances.

I would like to thank you in advance for your time and participation. To show my gratitude for completing the Survey, you will receive the tabulated aggregate results of the Survey.

Best Wishes in the Holiday Seasons,

Jo-Anne Ho
HEDGE FUND INVESTORS SURVEY

Your participation is greatly appreciated. Please answer all questions to the best of your knowledge. An educational estimate is better than no answer at all. Please return the completed survey via e-mail to g1933021@nccu.edu.tw by 31 December, 2004. All contents of this survey are ABSOLUTELY CONFIDENTIAL. Information identifying the respondent will not be disclosed under any circumstances. Providing your e-mail information entitles you to receive a copy of the survey results. If you have any questions or concerns, please feel free to contact me at +886 916 281 666 or e-mail to g1933021@nccu.edu.tw. Thank you!

Section A: Please read the statements and check ONLY ONE with x

<table>
<thead>
<tr>
<th>Investor’s Understanding</th>
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<tbody>
<tr>
<td>1. Understanding of hedge fund is an issue when you make hedge fund investment decisions.</td>
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<td>__Strongly agree __Agree __Neutral __Disagree __Strongly Disagree</td>
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<td>2. Hedge funds adopt a more flexible, versatile strategy than traditional investment vehicles.</td>
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<td>__Strongly agree __Agree __Neutral __Disagree __Strongly Disagree</td>
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<td>3. Hedge funds provide more diversification than traditional investment vehicles.</td>
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<td>__Strongly agree __Agree __Neutral __Disagree __Strongly Disagree</td>
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<td>4. Hedge funds are less liquid than traditional investment vehicles.</td>
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<td>__Strongly agree __Agree __Neutral __Disagree __Strongly Disagree</td>
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<td>5. Hedge funds have very different investment risk/return characteristics than traditional investment vehicles.</td>
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<td>__Strongly agree __Agree __Neutral __Disagree __Strongly Disagree</td>
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<td>6. The better you understand about hedge funds, the more likely you would invest.</td>
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<td>__Strongly agree __Agree __Neutral __Disagree __Strongly Disagree</td>
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<table>
<thead>
<tr>
<th>Investment Return</th>
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<tbody>
<tr>
<td>7. Investment return is an issue when you make hedge fund investment decisions.</td>
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<td>__Strongly agree __Agree __Neutral __Disagree __Strongly Disagree</td>
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<td>8. You would expect higher investment returns to be consistent with prior returns.</td>
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<td>__Strongly agree __Agree __Neutral __Disagree __Strongly Disagree</td>
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<tr>
<td>9. Hedge funds provide higher investment returns based on higher Sharpe Ratios or risk-adjusted returns.</td>
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<td>__Strongly agree __Agree __Neutral __Disagree __Strongly Disagree</td>
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<td>10. Hedge funds provide higher investment returns based on more dynamic strategies.</td>
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<td>__Strongly agree __Agree __Neutral __Disagree __Strongly Disagree</td>
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<td>11. The higher the investment return of hedge</td>
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<td>__Strongly agree __Agree __Neutral __Disagree __Strongly Disagree</td>
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<td><strong>Investment Risk</strong></td>
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<td>12.</td>
<td>Investment risk is an issue when you make hedge fund investment decisions.</td>
<td>_Strongly agree _Agree _Neutral _Disagree _Strongly Disagree</td>
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<td>13.</td>
<td>You would expect lower investment risks to be consistent with prior volatility.</td>
<td>_Strongly agree _Agree _Neutral _Disagree _Strongly Disagree</td>
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<td>14.</td>
<td>Hedge funds provide lower market risks than traditional investment vehicles.</td>
<td>_Strongly agree _Agree _Neutral _Disagree _Strongly Disagree</td>
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<td>15.</td>
<td>Hedge funds provide better risk management than traditional investment vehicles.</td>
<td>_Strongly agree _Agree _Neutral _Disagree _Strongly Disagree</td>
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<td>16.</td>
<td>The lower the investment risk of hedge funds, the more likely you would invest.</td>
<td>_Strongly agree _Agree _Neutral _Disagree _Strongly Disagree</td>
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<tr>
<td><strong>Past Performance</strong></td>
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<td>17.</td>
<td>Past performance is an issue when you make hedge fund investment decisions.</td>
<td>_Strongly agree _Agree _Neutral _Disagree _Strongly Disagree</td>
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<td>18.</td>
<td>You would make investment in hedge funds based on higher average monthly returns.</td>
<td>_Strongly agree _Agree _Neutral _Disagree _Strongly Disagree</td>
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<td>19.</td>
<td>You would make investment in hedge funds based on higher Sharper Ratios or risk-adjusted returns.</td>
<td>_Strongly agree _Agree _Neutral _Disagree _Strongly Disagree</td>
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<td>20.</td>
<td>You would make investment in hedge funds based on the performance persistence.</td>
<td>_Strongly agree _Agree _Neutral _Disagree _Strongly Disagree</td>
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<td>21.</td>
<td>The better the past performance of hedge funds, the more likely you would invest.</td>
<td>_Strongly agree _Agree _Neutral _Disagree _Strongly Disagree</td>
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<tr>
<td><strong>Transparency</strong></td>
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<td>22.</td>
<td>Transparency is an issue when you make hedge fund investment decisions.</td>
<td>_Strongly agree _Agree _Neutral _Disagree _Strongly Disagree</td>
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<tr>
<td>23.</td>
<td>You would make investments in hedge funds if it has a higher level of transparency and accountability</td>
<td>_Strongly agree _Agree _Neutral _Disagree _Strongly Disagree</td>
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<tr>
<td>24.</td>
<td>You would expect higher level of transparency to provide more risk information</td>
<td>_Strongly agree _Agree _Neutral _Disagree _Strongly Disagree</td>
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<tr>
<td>25.</td>
<td>You would expect higher level of transparency to provide more trading practices information.</td>
<td>_Strongly agree _Agree _Neutral _Disagree _Strongly Disagree</td>
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<tr>
<td>26.</td>
<td>You would expect higher level of transparency to provide more hedge fund advisers information (acting on behalf of hedge funds).</td>
<td>_Strongly agree _Agree _Neutral _Disagree _Strongly Disagree</td>
<td></td>
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<tr>
<td>27.</td>
<td>The higher level of transparency, the more</td>
<td>_Strongly agree _Agree _Neutral _Disagree _Strongly Disagree</td>
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</tbody>
</table>
likely you would invest.

### Skill and Experience of Fund Managers

<table>
<thead>
<tr>
<th>28. Skill and experience of fund managers is an issue when you make hedge fund investment decisions.</th>
<th>Strongly agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>29. You would expect the compensation structures attract better skilled fund managers.</td>
<td>Strongly agree</td>
<td>Agree</td>
<td>Neutral</td>
<td>Disagree</td>
<td>Strongly Disagree</td>
</tr>
<tr>
<td>30. You would make investment in hedge funds based on manager’s investment philosophy.</td>
<td>Strongly agree</td>
<td>Agree</td>
<td>Neutral</td>
<td>Disagree</td>
<td>Strongly Disagree</td>
</tr>
<tr>
<td>31. You would make investment in hedge funds based on the fund manager pedigree.</td>
<td>Strongly agree</td>
<td>Agree</td>
<td>Neutral</td>
<td>Disagree</td>
<td>Strongly Disagree</td>
</tr>
<tr>
<td>32. You would make investment in hedge funds based on the fund manager’s past investment performance.</td>
<td>Strongly agree</td>
<td>Agree</td>
<td>Neutral</td>
<td>Disagree</td>
<td>Strongly Disagree</td>
</tr>
<tr>
<td>33. The better skilled and experience the fund managers, the more likely you would invest.</td>
<td>Strongly agree</td>
<td>Agree</td>
<td>Neutral</td>
<td>Disagree</td>
<td>Strongly Disagree</td>
</tr>
</tbody>
</table>

### Section B: Please answer accordingly

#### Importance of Factors and Investor Profile

<table>
<thead>
<tr>
<th>1. What are the most important factors influencing your hedge fund investment decisions? (RANK 1-6, 1 the most important)</th>
<th>2. What aspects of the hedge fund industry would need improvement? (RANK 1-6, 1 the most important)</th>
</tr>
</thead>
<tbody>
<tr>
<td>__Investor’s understanding</td>
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<tr>
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<tr>
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<td>__Past performance</td>
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<td>__Transparency</td>
<td>__Transparency</td>
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<tr>
<td>__Skill and experience of fund managers</td>
<td>__Skill and experience of fund managers</td>
</tr>
</tbody>
</table>

| 3. Do you currently invest in hedge funds? | Yes | No |
| 4. What percent of the total net worth of your investment assets do you have invested in hedge funds? | % |
| 5. Would you consider to increase your investment allocation to hedge funds? | Yes | No | Not sure |
| 6. If you do not invest in hedge funds currently, would you consider to? | Yes | No | Not sure |
| 7. Optional - Your e-mail address for receiving a copy of the survey results. | |

Thank you for your time and participation. Please e-mail the completed form to g1933021@nccu.edu.tw