

BEFORE

Galiber Optima Fund, LP

The Galiber Group LLC
301 Route 17 North, Suite 800
Rutherford, NJ 07070
201-842-7604
www.TheGaliberGroup.com
December 2008

Fund Highlights

Vehicle: US on-shore limited partnership

Strategy Box: Quantitative Equity, Relative Value

Strategy Focus: Fundamental Factors

Trading Inception*: December 2006

Fund Inception: 9/30/07

Investment Universe: US Mid/Large Cap Stocks

2007 net return: 13.1% (Long-biased); 15.0% (MN)

2008 YTD ** net return: -20.1% (Long-biased); -1.0% (MN)

* Dedicated Brokerage Account as of 11/30/08

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Strengths

Structured Approach

- Metrics for stock-selection defined and quantified for every investment
- Strategy that exploits relative mis-pricings vis-à-vis intrinsic value
- Disciplined investment philosophy incorporating both market efficiency and behavioral-bias inefficiencies

Stable and Consistent Track Record

- Better performance than all major indices with significantly lower volatility
- "Survival" of returns despite difficult period for quantitative strategies

Diversified Investment Team

- Traditional bottoms-up fundamental CIO integrated with three "quant" co-founding partners
- Leverage from tie-in to quantitative research within academic world

Repeatable Investment Process

- No add-hoc investments or trading
- Quantified metrics allow for substantive insights from post-trade attribution analysis
- Fundamental overlay is itself disciplined and conforms to process-oriented framework

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Biographies

Gary Liberman, Fundamental PM & CIO

- 13 years equity research experience with JP Morgan Investment Management
- Top performance contributor (JPMM - US Growth Team) for trailing 3-yr period
- Managed / co-managed \$2bb in assets

Alexander Liberchuk, Quantitative Modeling Partner

- 9 years experience in statistical decision processes with Citigroup and American Express
- MBA (Finance & Operations Research), Carnegie Mellon. BS (Engineering), Moscow Polytechnic Institute

Sorin Sorescu, Factor Research Partner

- Tenured Professor of Finance and Director of PhD Program, Texas A&M University
- Published author (Journal of Finance, Journal of Financial and Quantitative Analysis), with research expertise in equity market anomalies and behavioral finance.

Ferhat Akbas, Analyst & Programmer

- PhD candidate (Finance) and MS (Economics), Texas A&M University
- BS (Engineering), Bilkent University in Ankara, Turkey

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Performance History

Vehicle and Net Exposure Progression

- 12/31/06 - 9/30/07:
 - Long portfolio using dedicated brokerage account
 - Short portfolio simulated using on-line service (StockTrak.com)
 - 150-50 long-short exposure
- 9/30/07 - 12/31/08:
 - On-shore Limited Partnership Fund
 - 120-80 long-short exposure
- January 1st 2009 and thereafter: Fund will be market neutral vehicle

Market Neutral Statistics

- Historical MN numbers calculated using live long and short portfolios, adjusted to equal-dollar weighting for pure long-spread equivalent
- Historical MN performance computed net of 2-20 fees
- Backtest data computed gross of fees; net of commission and slippage cost assumptions

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Content revamp for startup hedge fund's key sales tool (new design template was a second phase, not shown here). Shown above are first five pages of pitchbook (next few pages after these were performance charts). Homegrown pitchbook had good data but lacked organization, clear statement of value proposition, and narrative flow. BKCG worked with manager to identify core messages as well as sales and investing contexts.

AFTER

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Gary Liberman
Managing Partner
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February 2009

“Graham-Dodd delivered in a quant framework”

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Overview

Galiber Optima Fund LP is a market-neutral US on-shore limited partnership. Using a relative-value strategy, the fund seeks uncorrelated absolute return.

The fund's strategy is based on a fundamental investment philosophy, employed in a quantitative framework. The strategy combines quantitative discipline with substantive qualitative input. Our quantitative approach allows us to derive scale in our research, as well as neutralize behavioral biases associated with traditional qualitative strategies. At the same time, the strategy's qualitative "reality check" negates data-mining and similar "black box blindness" prevalent in purely computer-driven quantitative strategies.

Our investment process is proprietary yet transparent, and highly repeatable. The fund's large-cap equity investment universe allows for low-cost and highly liquid trading, as well as asset scalability.

Our investment team is comprised of specialists in both quantitative research as well as institutional portfolio management.

Both our live historical long-short trading, as well as extensive back-testing of our strategy, indicate competitive after-fee performance in both up and down markets.

2007 Net Return*	2008 Net Return*	45-Year Back-Test Avg. Annual Net Return Through 2008*
6.3%	11.4%	13.1%

*Represents Galiber's proprietary model, simulated over a 45-year period with assumed 2%-20% fees. All model assumptions, including monthly-inflow / stock-to-stock trading, net daily long/short returns, trading frequency, assumed commissions, price slippage, reality-margin rates, as well as assumed monthly asset levels are available for due diligence review.

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The Galiber Team

Gary Liberman, CIO, Fundamental PM

- 13 years equity research experience with JP Morgan Investment Management
- Top performance contributor (JPMIM - US Growth Team) for trailing 3-year period
- Managed / co-managed \$2 billion in assets

Dr. Sorin Sorescu, Partner, Factor Research

- Head of Department of Finance and former Director of PhD Program, Texas A&M University
- Research expertise in equity market anomalies and behavioral finance; expert witness for the SEC
- Published research articles appearing in *Journal of Finance*, *Journal of Financial and Quantitative Analysis*, *Journal of Money, Credit & Banking*, *Journal of Financial Markets*, *Review of Financial Studies* and *Journal of International Money and Finance*

Alexander Liberchuk, Partner, Quantitative Modeling

- 9 years experience in statistical decision processes with Citigroup and American Express
- MBA (Finance & Operations Research) from Carnegie Mellon. BS (Engineering) from Moscow Polytechnic Institute

Ferhat Akbas, Analyst & Programmer

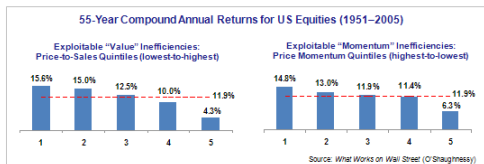
- PhD candidate (Finance) and MS (Economics) from Texas A&M University
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Time-Tested Principles of the Market

- Fundamental factors – on average and over time – accurately capture intrinsic value for most stocks.
- Pricing anomalies are a recurring – and thus exploitable – occurrence in the equity markets.



- Along-short spread capturing those mispricings should result in positive return as prices converge with intrinsic values.
- "Black box" quantitative strategies are at times predictive, but are not explicable through reasonable, logical analysis. Overreliance on such models leads to "data blindness," and usually entails lack of transparency.
- "Gray box" qualitative strategies fit the "buy the business" aspect of stock-picking, but cannot identify subtle yet significant patterns in large universes – and are dangerously subject to behavioral biases.
- Fund longevity and investor confidence are threatened during periods of large losses – even when outperforming a benchmark.

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A Strategy Reflecting Time-Tested Principles

RESEARCH PHASE

Transpose classic, intuitive investing principles into mathematical formulas that rank-order the investment universe.

- Exploits "law of large numbers," scales research, and neutralizes behavioral biases
- Offers transparency as opposed to "black box"
- "Pure data" produces consistent, repeatable process

PRE-TRADE ANALYSIS

Apply a fundamental framework to the output to select optimal long/short relative value trades.

- Fundamental "reality check" negates data blindness
- Reduces risk of data-mining, curve-fitting
- Focuses qualitative overlay on limited, specific "normalization" potentially missed by raw data

TRADING

Pair trades with an eye to diversification at security/sector level.

- Targets absolute performance
- No market-timing calculations
- No high-frequency trading

RETURNS ANALYSIS

Reevaluate each investment decision for efficiency and efficacy, and apply to model.

- Highlights hazards of specific factors during periods of underperformance
- Identifies market "regimes" where long-short spread could be negative ("Reversals")
- Offers insight into potential hedging strategies to offset short-term periods of reversals

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First six pages of revamped pitchbook content, which sought to differentiate fund from competitors, tell story in a compelling way. Among many revisions: A pithy quote from institutional investor establishes key takeaway by beginning with it and isolating it. "Overview" provides basic info up top (important for when pitchbook is sent ahead or left behind), and outlines the rest of the presentation. "Principles" pages create context and argument for fund's strategy, mixing graphics and text treatment for most compelling presentation. "Strengths" page was rewritten as closing argument at end of pitchbook.