

**SUBSCRIPTION AGREEMENT
FOR THE ABSOLUTE RETURN FUND**

TO: The Trustee and Administrator
 Absolute Return Fund
 P.O. Box 10340APO
 Cayman National Building
 Elgin Avenue
 Grand Cayman
 Cayman Islands
 Tel no: 345 949 0445
 Fax no: 345 949 9557

The undersigned ("Subscriber") hereby tenders this subscription to the Trustee of the Absolute Return Fund (a Class of The Cayman National Master Series Trust) ("Fund") and hereby applies for the purchase of non-voting redeemable units ("Units") in the Fund and has forwarded the subscription price for the Units by cheque, bank draft or wire transfer in the amount specified herein. The Subscriber hereby acknowledges receipt of a copy of the Offering Memorandum (and supplements thereto) in respect of the Fund dated June 2004 ("Memorandum") pursuant to which the subscription herein is made. Terms used herein and not otherwise defined shall have the meanings ascribed to them in the Memorandum.

The Subscriber understands that:

- (a) This Agreement shall not be binding on the Fund unless accepted by the Fund and the Fund may reject any subscription agreement at its entire discretion;
- (b) The subscription price for Units on the closing of the Initial Offering Period will be US\$100 per Unit and thereafter will be the Net Asset Value per Unit as at the Transaction Day preceding each Dealing Day (usually weekly). This Subscription Agreement and payment for the Units hereby subscribed for in cleared funds must be received by or on behalf of the Trustee of the Fund on or before the closing of the Initial Offering Period and thereafter by close of business in the Cayman Islands on or before the Banking Day which immediately precedes the Transaction Day prior to the Dealing Day on which the Units will be issued. Dealing Days are normally the first Banking Day of every calendar week. Subscription Agreements or payments received late will be dealt with on the next following Dealing Day after such receipt; and
- (c) The Subscriber must subscribe initially for a minimum investment of US\$5000.

The Subscriber hereby represents, warrants, covenants and agrees as follows:-

- 1. The Subscriber has read and is familiar with the Memorandum and agrees that his/her/its investment in Units, and rights in respect thereof, shall be governed by the terms of the Memorandum (as amended from time to time) and the Declaration of Trust in respect of The Cayman National Family of Funds Master Series Trust ("Trust Deed").
- 2. The Subscriber hereby represents, warrants, certifies and agrees that:-
 - (a) The Subscriber understands and agrees that the Units (including beneficial interests therein) may not at any time be offered, sold, transferred or delivered, directly or indirectly, to a person who is not an Eligible Investor;
 - (b) The Subscriber is an Eligible Investor and is not applying for the Units as a nominee for or on behalf of a person who is not an Eligible Investor;
 - (c) None of the funds used by the Subscriber to effect the purchase of the Units have been obtained from any person who is not an Eligible Investor;
 - (d) The Subscriber will not transfer any Units or any interest therein to any person who is not an Eligible Investor;
 - (e) The Subscriber will notify the Trustee of the Absolute Return Fund immediately if the Subscriber, or any person for whom the Subscriber holds Units, should at any time cease to be an Eligible Investor;
 - (f) The Subscriber has not been solicited to purchase Units while present in a jurisdiction where the offer, sale, transfer or delivery of Units in the Fund would be unlawful;

- (g) The Subscriber is fully and independently informed as to
 - (i) The legal and regulatory requirements within the Subscriber's country for the purchase of the Units,
 - (ii) Any foreign exchange restrictions applicable to the Subscriber, and
 - (iii) Any relevant tax considerations relating to the Subscriber arising out of the tax laws applicable to the Subscriber;
 - (h) The Subscriber understands and agrees that the Memorandum does not constitute an offer or solicitation to anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation;
 - (i) The Subscriber has knowledge and experience in financial and business matters so that the Subscriber is capable of evaluating the merits and risks of the proposed investment;
 - (j) The Subscriber understands and agrees that neither the Fund nor the Units are listed with or approved by any securities regulatory authority in any jurisdiction;
 - (k) If the Subscriber is a corporate investor, the Subscriber has full right and power to make the investment applied for pursuant to this Subscription Agreement and all necessary corporate action has been taken to authorise the purchase of the Units;
 - (l) The Subscriber understands that the Units may be subject to mandatory redemption in the circumstances set out in the Memorandum (as amended from time to time) and agrees that the Trustee may compulsorily or mandatorily redeem the Subscriber's Units in such circumstances; and
 - (m) The Subscriber understands that the Units subscribed for generally carry no entitlement to vote on any matter relating to the Fund and agrees that his/her/its sole remedy relating to any change in the Fund of which it disapproves is the voluntary redemption of his/her/its Units.
3. The Subscriber agrees that the representations set forth above are continuous and will be deemed to be repeated in connection with all further purchases of Units. The Subscriber further agrees to advise the Trustee of the Fund promptly of any violations of the representations and warranties set forth herein.
4. The Subscriber has relied solely upon the Memorandum and the Subscriber's independent investigations in making a decision to purchase the Units.
5. The Subscriber acknowledges and is aware of the following:
- (a) This subscription may be accepted or rejected by the Trustee of the Fund or its delegates in its sole discretion;
 - (b) There can be no assurance that the Fund will be profitable. The value of the Units may go down. On redemption the Subscriber may receive less for the Units than the amount paid on subscription; and
 - (c) There are restrictions on the transferability of the Units. There may be no public market for the Units. There are restrictions on the redemption rights of the Subscriber in relation to the Units described in the Memorandum
6. The Subscriber hereby recognises that the offer and sale of Units to the Subscriber is based upon the representations, warranties, covenants, agreements, acknowledgements and certifications of the Subscriber above. The Subscriber hereby agrees to indemnify the Trustee of the Fund and its delegates and to hold them harmless against all liabilities, costs, losses and expenses (including reasonable attorney's fees) whatsoever arising by reason of or in connection with any misrepresentation, inaccuracy or breach of any of the representations, warranties, covenants and/or agreements made by the Subscriber herein or arising as a result of the sale or distribution of the Units by the Subscriber in violation of any applicable laws. This subscription and the representations, warranties, covenants and agreements contained herein shall be binding upon the heirs, executors, administrators, legal representatives and successors of the Subscriber.
7. The Subscriber acknowledges and agrees to comply with the "Identification Requirements for Subscribers" attached hereto (which are subject to amendment by the Trustee and the Administrator of the Fund from time to time) and represents that all documents provided to the Fund or the Administrator pursuant thereto are/will be true and correct. The Subscriber further acknowledges and agrees that the Trustee and the Administrator of the Fund shall be entitled to delay or refuse to issue Units to the Subscriber until the Trustee or Administrator has received, and is satisfied with, all documentation necessary to identify the Subscriber in accordance with all relevant anti-money laundering laws and procedures.
8. The Subscriber agrees to be bound by the terms of the Memorandum and the Trust Deed.

9. The Subscriber agrees that the Trustee is entitled to be indemnified out of the assets of the Fund on the terms set out in the Trust Deed and that, to the maximum extent permitted by law, the Trustee shall not be responsible or liable for any loss, costs, damages or liabilities whatsoever that may result from the Trustee's (or its delegates) acts or omissions.
10. The Subscriber agrees that it shall have no recourse to any person (or their assets) with respect to its investment in the Fund and agrees that its sole recourse is against the net assets of the Absolute Return Fund. Further, the Subscriber Agrees that it shall have no recourse against the assets of any other Class/Fund constituted under the Trust Deed.
11. This Subscription Agreement is governed by and construed in accordance with the laws of the Cayman Islands.

NOTES TO SUBSCRIPTION AGREEMENT

1. Type of Ownership

Investors should indicate the relevant type of legal ownership of the Units (i.e. sole individual, joint tenants, joint and several tenants, partnership, trust or corporation). Any one of joint and several tenants may give instructions to the Trustee and Administrator of the Fund to redeem their Units and otherwise exercise any rights attributable to their Units. In the case of joint tenants, all Unitholders must always sign the Subscription Agreement and any instructions to the Trustee and Administrator of the Fund to redeem Units or otherwise to exercise rights attributable to Units.

2. Corporate Subscribers

Corporate investors should provide to the Administrator copies of their incorporation documents, a list of authorised signatories with their specimen signatures and confirmation of the corporate authority of such signatories.

3. Faxed Subscriptions

Neither the Trustee nor the Administrator of the Fund accept any responsibility for any errors in, or liability arising from, this Subscription Agreement being sent by fax. The signed original Subscription Agreement must be sent to the Administrator immediately following fax transmission.

4. Compliance

As part of the Trustee and Administrator of the Funds responsibility for the prevention of money laundering, the Trustee, the Administrator or their affiliates, subsidiaries or associates may require a detailed verification of the applicant's identity and the source of the payment. The current identification requirements of the Fund and the Administrator appear in the attached "Identification Requirements for Subscribers".

The Trustee and the Administrator of the Fund reserve the right to request such information as is necessary to verify the identity of a Subscriber. In the event of delay or failure by the applicant to produce any information required for verification purposes, the Fund or the Administrator may refuse to accept the application and the subscription monies relating thereto.

If any person who is resident in the Cayman Islands has a suspicion that a payment to the Fund or the Administrator (by way of subscription or otherwise) contains the proceeds of criminal conduct that person is required to report such suspicion pursuant to The Proceeds of Criminal Conduct Law (2001 Revision) of the Cayman Islands as amended from time to time.

IDENTIFICATION REQUIREMENTS FOR SUBSCRIBERS

1. Exemption for subscription debited from bank account in an Approved Country:

If (a) the subscription payment is to be made by cheque or bankers draft or by any electronic means which is effective to transfer funds and the payment is clearly or on the face of it debited from an account in the subscriber's name at a bank registered in the Cayman Islands or that is regulated in and either based or incorporated in or formed under the laws of an "Approved Country" (defined in the Schedule below), and (b) redemption proceeds will only be made on behalf of the subscriber to the same bank from which the subscription payment was made or directly to the subscriber, then no further identification is required unless specifically requested by or on behalf of the Trustee or Administrator of the Fund. In the case of transfer by electronic means such bank must provide confirmation of such debit. If instructions for payment of redemption monies are varied so payment cannot be made in accordance with (b) above, payment of redemption monies pursuant to a redemption notice will not be made until the identification requirements below are satisfied.

2. **Exemption for subscriber (as agent or nominee) carrying on Regulated Financial Business:**

Where a subscriber does not make payment in accordance with Section 1 above but is acting as agent or nominee (which includes trustees for these purposes) for a principal, no further identification will be required (unless specifically requested by or on behalf of the Trustee or Administrator of the Fund) if all of the following conditions are met, either in relation to the subscriber as principal or if the subscriber is acting as agent or nominee (which includes trustees for these purposes) for a principal:

- (a) The subscriber is acting in the course of “Regulated Financial Business” (defined in the Schedule below) which is subject to regulation by the Cayman Islands Monetary Authority or a regulatory authority with an equivalent statutory function to the Cayman Islands Monetary Authority and is based or incorporated in or formed under the law of an Approved Country or the Cayman Islands; and
- (b) The subscriber provides the following with the subscription agreement:
 - (i) Evidence of such regulation and the function of such regulatory authority; and
 - (ii) Where the subscriber is acting as agent or nominee, a written assurance to the effect that evidence of the identity of that principal will have been obtained and recorded by the subscriber under procedures maintained by the subscriber in accordance with such regulation.

3. **General Identification Requirements:**

Where a subscriber is unable to comply with either Section 1 or Section 2 above, the following identification will be required:

A. Individual Investors

- (i) Full name and evidence thereof.
- (ii) Nationality and evidence thereof.
- (iii) Date of Birth and evidence thereof.
- (iv) Certified specimen signature.
- (v) Certified photo identification.

(Certification of (i) to (v) above should be effected by a notary public, by a lawyer known or otherwise satisfactory to the Trustee or Administrator.)

- (vi) Permanent (home) address. This should be verified by obtaining an original or certified copy of a bank or credit card statement, utility bill or, perhaps, in one of the references specified below.
- (vii) An original bank reference in terms satisfactory to the Trustee or Administrator (and addressed to either of them) from a bank with which the subscriber maintains a current relationship and has had a relationship for at least two years. This reference should verify as much of the information in (i) to (vi) above as possible.
- (viii) An original professional reference in terms satisfactory to the Trustee or Administrator (and addressed to either of them). This reference should verify as much of the information in (i) to (vi) above as possible.

B. Corporate Investors

- (i) Photocopy Certificate of Incorporation and any Change of Name Certificate, or the equivalent in either case, for the Corporate Investor.
- (ii) Photocopy Memorandum and Articles of Association or other constitutional documents.
- (iii) Original Certificate of Good Standing.
- (iv) Photocopy Register of Directors and Officers or other list of the Directors and Officers or equivalent for the Corporate Investor.
- (v) For at least two of such Directors of the Corporate Investor, the same information as required above for Individual Investors or, in the case of a corporate Director, the same information as hereby required for a Corporate Investor.
- (vi) A photocopy of the Register of Members or other list of Shareholders holding a controlling interest in the Corporate Investor.

- (vii) In respect of the beneficial owner of more than 10% of the shares in the Corporate Investor, the same information and documents as required above for an Individual Investor.
- (viii) Annual Report or Accounts preferably for the last 2 years.

C. **Partnerships and Unincorporated Entities**

- (i) If registered:-
 - (a) A photocopy of any Certificate of Registration or equivalent.
 - (b) An original Certificate of Good Standing.
 - (c) A photocopy of the Partnership Agreement or other constitutional documents.
- (ii) If unregistered, a certified copy (by one of the partners or equivalent) of the constitutional documents.
- (iii) In either case, identification documents for Individual Investors or Corporate Investors as described above in respect of a majority of the partners, owners or managers.

D. **Trustees and Executors**

- (i) If the Trustee or Executor is regulated for money laundering purposes by an approved regulatory authority, verification by such authority or otherwise of the fact of regulation and, if applicable, incorporation and licensing of the trustee or executor.
- (ii) If not regulated, the same information as required above for Individual Investors (with appropriate variations for a deceased person) or Corporate Investors in respect of:-
 - (a) The Trustee or Executor;
 - (b) The Settlor or original beneficial owner of the trust or estate assets;
 - (c) The named Beneficiaries; and
 - (d) Any Protector or other person on whose instructions or in accordance with whose wishes the trustee is prepared or accustomed to act or who may appoint and/or remove the Trustee or investment adviser to the Trust.

SCHEDULE TO IDENTIFICATION REQUIREMENTS FOR SUBSCRIBERS

“Approved Country” means a country that the Cayman Islands Money Laundering Regulations 2000 (issued pursuant to the Proceeds of Criminal Conduct Law (2001 Revision) of the Cayman Islands (as amended from time to time) of the Cayman Islands (as amended from time to time) recognises as having equivalent legislation to such Cayman Law and Regulations. The current Approved Countries are listed below.

Schedule

Argentina	Greece	New Zealand
Australia	Guernsey	Norway
Austria	Hong Kong	Panama
Bahamas	Iceland	Portugal
Belgium	Ireland	Singapore
Bermuda	Isle of Man	Spain
Brazil	Italy	Sweden
British Virgin Islands	Japan	Switzerland
Canada	Jersey	Turkey
Denmark	Liechtenstein	United Kingdom
Finland	Luxembourg	United States of America
France	Malta	
Germany	Mexico	
Gibraltar	Netherlands	

“**Regulated Financial Business**” includes the business of banks, trust companies, building societies, co-operative societies, insurance companies, mutual funds, mutual fund administrators and company managers and also the following business:

1. Acceptance of deposits and other repayable funds from the public.
2. Lending.
3. Financial leasing.
4. Money transmission services.
5. Issuing and administering means of payment (e.g.- credit cards, travellers’ cheques and bankers’ drafts).
6. Guarantees and commitments.
7. Trading for own account or for account of customers in:
8. money market instruments (cheques, bills, CDs, etc.);
9. foreign exchange;
10. financial futures and options;
11. exchange and interest rate instruments; and
12. transferable securities.
13. Participation in securities issues and the provision of services related to such issues.
14. Advice to undertakings on capital structure, industrial strategy and related questions and advice and services relating to mergers and the purchase of undertakings.
15. Money broking.
16. Portfolio management and advice.
17. Safekeeping and administration of securities.
18. Safe custody services.
19. Financial, estate agency and legal services provided in the course of business relating to the sale, purchase or mortgage of land or interests in land on behalf of clients or customers.
20. The services of listing agents and broker members of the Cayman Islands Stock Exchange as defined in the CSX Listing Rules and the Cayman Islands Stock Exchange Membership Rules, respectively.