

SCANDIUM ALTERNATIVE INVESTMENTS

Société d'Investissement à Capital Variable
à Compartiments Multiples

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R.C.S. LUXEMBOURG B 118344

Dear Investors,

The return for December 2008 was +2.03% for class A and +2.09% for class I, bringing the 2008 loss to -20.33% for class A and -19.68% for class I.

We would like to provide an update regarding the status of the fund moving forward. In light of market conditions and redemptions received to date we shall recommend to the Annual General Meeting to be held in April that the Board of Directors of the Scandium Absolute Return Fund redeems all underlying investments and returns proceeds to investors in the form of dividend payments each quarter throughout 2009.

In anticipation of our recommendation being approved by the Annual General Meeting we are redeeming the fund's underlying holdings where possible so that the Board of Director may distribute proceeds to investors as quickly as possible thereafter.

Best regards,

The Board of Directors