

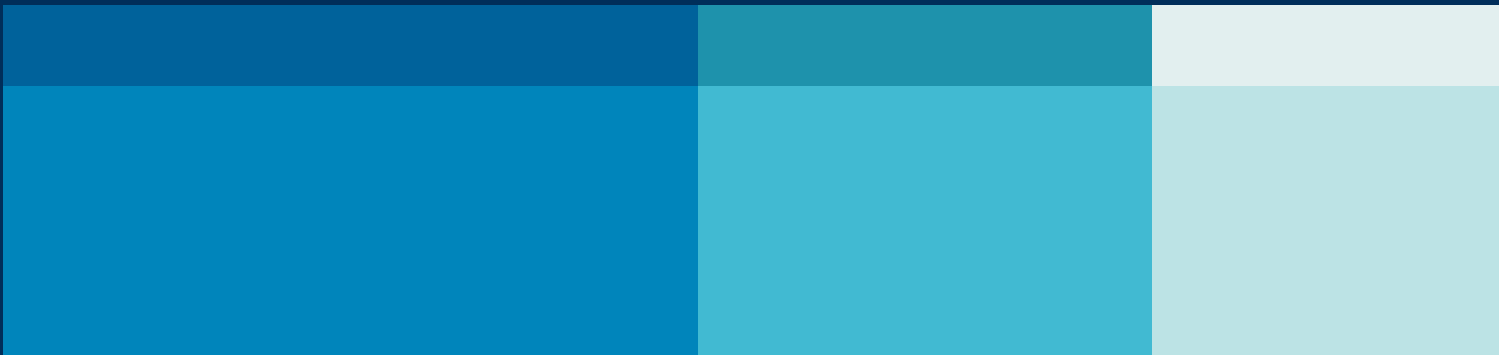


AMICORP

Stand out from the crowd

Amicorp Fund Services

The highest quality in everything we do



The Amicorp Group

The Amicorp Group (Amicorp) is a financial services company that specializes in providing corporate and trust management services, private wealth and estate planning, corporate, asset and project finance structuring, fund services and business process outsourcing services. We deliver responsive administrative, legal, corporate and fiduciary structuring services to a broad range of corporate and individual clients.

Our clients include high net worth individuals, publicly and privately held companies, pension funds, start-up operations, partnerships and trusts. We soundly protect their interests through diversification of risk, maintaining a conservative financial profile, and by providing the peace of mind that comes from dependable and loyal service relationships.

We usually work directly with client intermediaries such as lawyers, accountants, private bankers and other advisors. Amicorp is committed to providing a non-competing environment of trust and integrity





when working with these professionals, who usually play a major role in our clients' business. We provide long-term personalized service that results in dependable and loyal client relationships. We work to achieve this by thoroughly studying the different markets in which we are active.

Our clients with international operations and investments benefit from the support of Amicorp's proactive and result-driven professionals. Working as a global team in 20 countries, our 450 financial services specialists contribute their individual talents to Amicorp's extensive expertise and experience. They design and implement creative and innovative strategic corporate solutions that meet the challenges of today's complex international business environment. Amicorp works exclusively in stable political and legal environments to ensure the security and practical results our clients demand and expect.

Mutual trust and an in-depth understanding of our client's personal and business needs are essential for developing long-term personal relationships with our clients. Amicorp's strength is founded on its commitment to providing top quality and unsurpassed service. We believe that high quality is about much more than delivering the agreed services at the agreed time. Close collaboration with our clients is essential to successful management of their overall business processes and to provide insight into their developing and dynamic business environment.

Our commitment to excellence, driven by ongoing investment in technology and specialized human resources, enables us to continually enhance our range of services and product offerings, and to optimize their implementation. Each client receives exactly what is needed in the most timely and cost-effective manner, coupled with ongoing follow-up, quality end results, and rapid response to all inquiries and requests.

Amicorp constantly develops new structuring options and explores new markets to keep our clients up to date about new opportunities as they arise. Internal product focus groups composed of our most knowledgeable industry experts from each segment play a major role in providing information on developing opportunities. These groups also provide Amicorp's global team immediate notice of changes in legislation or corporate governance initiatives that may affect our clients.



The Amicorp Group is an independent, privately held corporate group. This eliminates the risk of conflicts of interest arising from the cross-selling of investment advisory, audit, legal and tax advisory services of intermediaries. As a fully integrated corporate group, we provide our clients with strong central direction and integrated teamwork from our worldwide network of offices located in:

Argentina, Barbados, Brazil, the British Virgin Islands, Chile, China, Cyprus, Hong Kong, India, Lithuania, Luxembourg, Mexico, New Zealand, Singapore, Spain, Switzerland, the Netherlands Antilles, the Netherlands, the United Kingdom and the United States of America.

Amicorp's supporting offices are located in Anguilla, the Bahamas, the Cayman Islands, Ireland, Madeira, and Sweden.

Please note: Amicorp does not provide tax-consulting or asset management services. Each potential client is advised to obtain tax advice in each jurisdiction where he or she will be active. Amicorp regularly refers to and liaises with both legal and tax experts in all our operation jurisdictions.



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Funds – A General Overview

The funds market includes many types of alternative investment funds or hedge funds. The various fund types available can be classified by either fund structure or investment strategy. Most of the different types of funds result from differences in investment strategy. As investors have become increasingly sophisticated, fund sponsors have responded by creating funds with investment strategies designed to appeal to an increasingly diverse market. Popular investment strategies include:

- Derivative funds;
- Equity funds;
- Bond funds;
- Arbitrage funds;
- Emerging market funds;
- Index funds;
- Guaranteed funds;
- Structured funds;
- Currency funds;



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- Global macro funds;
 - Single country or regional funds;
 - Venture capital funds;
 - Long/short managed futures;
 - Private equity;
 - Real estate;
 - CDOs, CMOs and CFDs; and
 - Event driven funds.

The above list is not comprehensive since investment strategies are limited primarily only by human imagination. The specific investment strategy and related risks will be detailed in the offering document prepared for the fund. An examination of investment strategies is beyond the scope of this brochure.



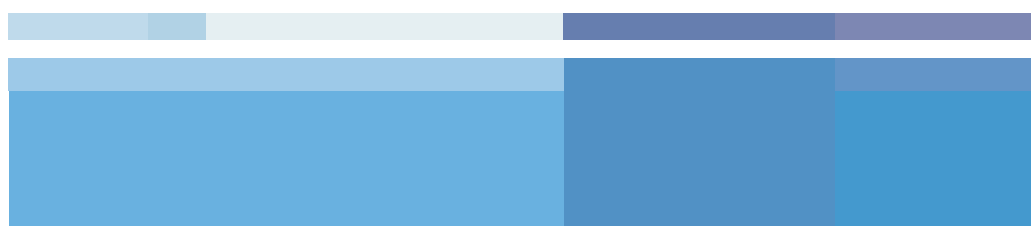


The number of fund structures is smaller and includes:

- Single strategy funds;
- Umbrella funds;
- Master feeder funds;
- Fund of funds;
- Closed and open-end funds;
- Multi-class funds;
- Investment companies;
- Partnerships; and
- Unit trusts.

Single strategy funds are the simplest and most common structure used by offshore funds. In this structure, a separate open-ended investment company vehicle, related licenses, agreements and an offering document are created, reflecting the specific parameters of the fund. The specific parameters are determined by the sponsor (the individual or entity who decides to create the fund) to take advantage of a specific investor market niche that the fund is formed to serve.

Umbrella funds use a single corporate vehicle, allocating the corporation's equity to a number of specific investment portfolios. This structure has the advantage of allowing the sponsor to create new investment strategies and bring them to market in a relatively short period of time. When a new investor market niche is identified, it is a simple matter for the umbrella fund's board of directors to authorize an allocation of the fund's shares to the new class. The only other legal requirement to be addressed before marketing may commence is the preparation of an amendment or addendum to the fund's offering






memorandum. In order for a new class to begin operations, broker and cash accounts are established to effectively segregate the assets of the new class.

Administratively, each class of an umbrella fund is treated as a separate fund. Because each class is created by an allocation of a single corporation's equity, it is possible for one class to be liable for the liabilities of another class if the assets of a class are inadequate to satisfy its liabilities. This might occur with certain investments or investment approaches when an amount greater than the capital is at risk. Common terminology describing this possibility is that the class is not "ring fenced". To address this potential "liability bleed" between classes, holding companies are established for each class. Each class will hold a single investment holding company dedicated to the class. Thus, should losses accumulate in excess of the value of the class's assets, the holding company will shield the umbrella fund vehicle from the excess liability. The asset class is thus said to be "ring fenced".





Master feeder funds are useful where a single investment strategy is applicable for significantly different investor profiles. Investors invest in feeder funds, which in turn invest in the master fund. The feeder funds are organized to allow investors to participate in and/or to maximize tax benefits for each investor profile, such as, for example, an investment manager who dedicates his talents to a single investment approach but has widely dispersed participating investors. Investors who are citizens or residents of the United States, for example, will typically invest via an onshore US partnership, while investors domiciled in other jurisdictions will invest via an offshore corporation. There is no legal limit to the number of participating feeder funds. The benefit of this structure is that the investment manager (the individual or entity who makes and executes investment decisions) can focus his efforts on investing activities for a single portfolio.

Investment operations can be carried on without considering allocating trades proportionately to a number of stand-alone single investment strategy funds while allowing maximum flexibility for investors. Note that certain funds are referred to as feeder funds even though they are not related to a master fund. Such pooled vehicles are incorporated to provide investor access to funds that have large minimum investment requirements.

Fund of funds have become increasingly popular in the last few years. The corporate structure is similar to the single strategy fund but the investment portfolio is composed entirely of positions in other funds. This allows the fund to provide the possibility of an exceptionally high degree of diversification, resulting in a lower risk profile for the investment. The manager of a fund of funds must ensure that portfolio investments that may have widely differing investment objectives do in fact have different securities in each of their portfolios. The benefit of apparent diversification is compromised if the same security is held in several of the underlying portfolios.

Closed-end funds either allow or do not allow subscriptions and redemptions at the discretion of shareholders. The closed-end fund structure is frequently used for venture capital, real estate or a fund where investments are made in illiquid assets. In this structure, shareholders commit capital at the fund's inception and receive distributions whenever the underlying investment portfolio provides liquidity. It is not unusual for the shareholder subscription commitments to be called over a period



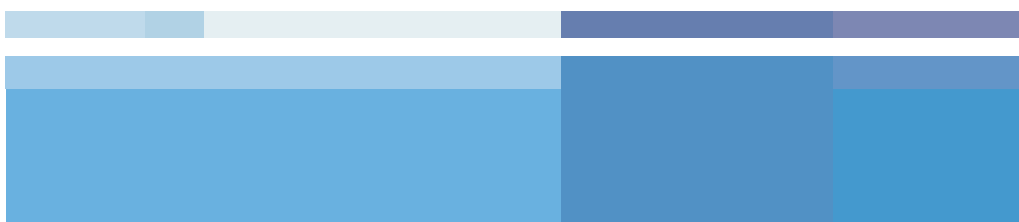
of time, during which the investment manager selects suitable investments in accordance with the fund's investment strategy. Open-end funds, in contrast, do allow subscriptions and redemptions at the discretion of shareholders.

Multi-class funds provide different rights to shareholders of various classes of shares. This structure is appropriate where shareholders have different investment needs; for example, a desire for a periodic distribution of income versus reinvestment of income. Another example is that the sponsor may desire to charge different fees for investors who make large subscriptions compared to others who subscribe for amounts below a defined level. Such a structure can encourage certain shareholders to increase their commitment to the benefit of the fund and its sponsor.

Investment companies are corporate entities used as fund vehicles. The corporate entities used in the hedge fund industry are usually established in domiciles with legislations that include few regulatory requirements. The structure does not normally provide for a flow-through of tax attributes to shareholders. Shareholders hold an investment in the fund and recognize capital gain on the disposition of the fund investment rather than based on the underlying transactions of the fund itself.

Partnerships are used as fund vehicles when it is beneficial for the tax attributes of a fund's transactions to "flow through" or apply to the investors. The tax regimes of certain jurisdictions, including the United States, impose onerous treatment on certain taxpayers for investments in offshore funds. Partnerships or corporations electing to be treated as partnerships are suitable for investors from these jurisdictions.

Unit trusts provide benefits to shareholders in certain common law jurisdictions, since the trust units are treated differently from shares for regulatory purposes. A unit trust is not subject to the capital constraints that apply to certain corporate vehicles. When a fund is created, a decision about who will hold shares with voting rights must be made regardless of the structure used as a fund vehicle. A dual



or multiple class share structure, where voting rights are separated from rights to participate in fund performance, has the advantage of allowing minor changes to the operating structure of the fund (i.e., the Articles of Association) without the need to call a meeting of the shareholders. This does not mean that voting shareholders have the right to vary the rights of the non-voting (participating) share classes. Any matter affecting the rights attached to participating shares requires the approval of the holders of the affected shares. In open-end structures, shareholders always retain the right to "vote with their feet", redeeming their shares if they are dissatisfied with any aspect of the management or performance of the fund or see better opportunities elsewhere. The structure and domicile of a fund may restrict the ability to separate certain voting rights from the right to participate in performance.

Performance fee attribution

Much discussion in the hedge fund industry centers on the calculation of the performance fee payable to the investment manager. A performance fee is a type of remuneration that is calculated as a percentage of the total profit of the fund. Performance fees typically:






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- Are accrued in interim NAV calculations (where interim is defined as a date where the fee is not paid);
 - Can reverse in subsequent NAV calculations; and
 - Are significant in amount.

Because of these characteristics, shareholders who subscribe or redeem their shares at interim NAV dates may not bear the fee equally. This situation is a direct result of the accrual of the fee, which is included as a component of the NAV calculation. Simply put, a shareholder who purchases shares at an interim date (when there is no accrual for performance fee) and later sells the shares at a lower NAV will receive the benefit of the decline in the accrued fee even though the shareholder did not bear the accrual of the fee included in the NAV when the purchase took place. Another inequitable situation results when a shareholder subscribes to shares at an interim date when the NAV is below the NAV when a performance fee was last paid. In this case, the shareholder will not pay a performance fee until the NAV exceeds the NAV when the performance fee was last paid and the shareholder is said to have received the benefit of a "free ride". There are several other situations that would result in an inequitable attribution of the performance fee to a shareholder if some method of equitably attributing the performance fee were not employed. Such methods are employed when a cost benefit analysis indicates it is appropriate.

Popular methods used in practice to achieve an equitable attribution of the performance fee to individual shareholders are:

- Equalization;
- Depreciation (deposit);
- Multi-series; and
- Aggregate.

Equalization is the term used to describe a method of making adjustments to subscription and redemption amounts paid to shareholders, resulting in a consistent application of the performance fee rate to shareholdings, that are initiated or terminated at interim dates. Adjustments to the subscription amounts paid usually take the form of a collection of an equalization deposit or a depreciation deposit. The disadvantage of this method is that it is difficult to comprehend and it requires the detailed tracking of individual subscriptions. Despite the difficulties in explaining the complicated calculations required by this method, a brief and simplified discussion is provided below.



An equalization deposit will be equivalent to the total amount of the accrual for performance fee implicit in the shares subscribed at the interim date. Such amount will exist only if the subscription NAV per share is greater than the NAV when the performance fee was last paid. The equalization deposit is paid as a part of the total subscription and is at risk. The equalization deposit (or a portion thereof) will be lost to the extent that the related shareholding is redeemed at an NAV per share which is less than the subscription NAV per share and no performance fee has been paid between the subscription and redemption dates for the specific share lot. The equalization deposit is converted to shares on the next date after the interim subscription date on which a performance fee is paid. This is appropriate because the accrual of performance fee included in the NAV calculation, which gives rise to the equalization deposit, is removed (paid) from the NAV calculation. As the accrual is no longer present at this point in time, it can no longer cause an inequitable application of the performance fee to the shareholder who paid the equalization deposit.

A *depreciation* deposit will be equivalent to the accrual of a performance fee for an interim purchase at an NAV per share below the NAV per share at which a performance fee was last paid. The deposit is typically not at risk and is often invested in risk-free securities. The depreciation deposit is calculated as the performance fee rate multiplied by the income required for the new holding to achieve the NAV per share at which the performance fee was last paid. Any performance fee beyond this amount will be accrued and paid at the fund level. If the NAV per share at a performance fee payment date is greater than the NAV per share at the subscription date, the depreciation deposit will be paid to the investment manager as compensation for the performance for the specifically identified subscription. Popular variants of this method include ignoring the depreciation deposit case and redeeming shares (termed a "forced redemption") to pay the performance fee instead of collecting and retaining a depreciation deposit.

Multi-series performance fee calculations require the fund to establish a new series or class of shares on each date on which subscriptions are received. The performance fee calculation applied at the series level is thus appropriate for all shareholders participating in the series. No adjustments for interim subscriptions are required. Typically, the initial series is a master series into which shareholders of all other series will be converted (with a corresponding change in the number of shares allocated based on the difference in the NAV per share of the respective classes). To ensure an equitable allocation of the

performance fee to all shareholders, such conversions will occur only when the master series and other series both pay a performance fee on the same date. This occurs when positive performance exists for both series. Therefore, it is possible for a large number of series to exist simultaneously.

The advantage of this method is that it is much easier for all parties to understand how performance fees are accrued and paid. The disadvantage is that NAVs for each potentially large number of series will vary. As a result, the administration of funds employing the multi-series performance fee method can be extremely complex.

The aggregate method of calculating performance fees ignores the possible inequities that can arise among shareholders in relation to the rate of performance fee paid by each shareholder. The performance fee is calculated at the fund level by applying the performance fee rate to the fund's total income for a period. The method has the advantage of simplicity. The price of simplicity is the probability that certain shareholders will receive a benefit and other shareholders will pay a performance fee at an effective rate greater than the actual performance fee rate paid by the fund.



Fund Jurisdictions - The Americas

British Virgin Islands

The British Virgin Islands (BVI) are a popular and advantageous location for offshore business. The BVI have a long history of political and economic stability as a British Overseas Territory. Several tax advantages are offered, such as no wealth, capital gain or estate taxes. Despite the growth of this location as an offshore financial centre, the government license fees and charges have remained reasonable, which has contributed to the jurisdiction's popularity. Additionally, there are neither exchange controls nor restrictions on the movement of currency.

The Mutual Funds Act, 1996 (the Act), came into effect January 2, 1998. The aim of the Act was to provide regulation, authorization and control of mutual funds, including their managers and administrators, carrying on business in or from within the BVI.

The term "carrying on business" includes but is not be limited to one or more of the following activities:

- Management of investments;
- Receipt of subscriptions and the issue or redemption of shares;
- Maintenance of the register of shareholders;
- Maintenance of accounting records; and
- Publication of a prospectus or other similar invitation to purchase shares and the solicitation of investors to purchase shares.

A fund incorporated, formed or organized under the laws of the BVI is deemed to carry on business from within the BVI.

The provisions of the Act are administered by the BVI Financial Services Commission (the Commission). The Commission is prohibited from disclosing any information, material or documents furnished to or filed with them by any recognized private or professional fund except:

- To the Governor, the Minister of Finance, or the Attorney General; or
- On the order of a court of a competent jurisdiction for the purpose of criminal proceedings.


Additionally, the Governor is granted the power under the Act to prohibit the Commission from disclosing specified information, material or documents provided to him by any registered public fund if the Governor is of the opinion that non-disclosure is in the public interest.

The Act defines a mutual fund as a company incorporated, a partnership formed, a unit trust organized or other similar body formed or organized under the laws of the British Virgin Islands or of any other country or jurisdiction, which:

- Collects and pools investor funds for the purpose of collective investment; and
- Issues shares that entitle the holder to receive on demand, or within a specified period after demand, an amount computed by reference to the value of a proportionate interest in the whole or in a part of the net assets of the company, the partnership, the unit trust or other similar body as the case may be.

The act distinguishes three classes of funds: private, professional and public.





Public funds must have no more than 50 investors, and invitations to subscribe or purchase shares can be made only on a private basis. The constitutional documents must specify these conditions. A private fund carrying on business in or from within the BVI must be recognized by the Commission. A fee of US\$350 is payable to the Commission annually. No application fee is required.

Professional fund shares are available for sale only to professional investors. A professional investor is defined as:

- A person whose ordinary business involves, whether for his or her own account or for the account of others, the acquisition or disposal of property of the same kind as the property, or a substantial part of the property, of the fund; or
- A person who has signed a declaration that he has a net worth in excess of US\$1 million and he consents to being treated as a professional investor.

The initial investment by each professional investor must be at least US\$100,000. A professional fund carrying on business in or from within the BVI must be recognized by the Commission. A fee of US\$350 is payable to the Commission annually. No application fee is required.

A *public* fund is a mutual fund that is not a private fund or a professional fund. A public fund must be registered with the Commission to carry on its business or administer its affairs in or from within the BVI. A fee of US\$500 is payable to the Commission annually. A fee of US\$500 is also payable as an application fee.

BVI Legal Structures

The fund structure most commonly used in the BVI involves the use of the BVI Business Company (BVIBC) with its capital divided into shares. Other structures available are limited partnerships and unit trusts.



A BVIBC is not taxed on income or capital gains in the BVI. There are no exchange controls or other restrictions on the movement of funds. Shareholders are limited in their liability to the amount of the capital contribution to which they have subscribed.

An annual government license fee is payable for all companies registered in the BVI. This fee is US\$350 for companies authorized to issue no more than 50,000 shares or US\$1,100 where companies are authorized to issue more than 50,000 shares. This fee is paid to the Registry of Corporate Affairs.

The Memorandum and Articles of Association of a fund incorporated as a BVIBC can be structured in various forms ranging from simple to extremely complex. Authorized share capital may be divided into two or more classes of shares which allows for the creation of umbrella funds and the separation of voting rights and rights to the allocation of a fund's performance. Shares are typically issued as registered shares. Separate classes may be non-redeemable, fully redeemable or redeemable at specified dates. Different rights may be attached to different classes of shares, which allows the fund to distinguish between different investors and different classes of investments (e.g., equities, currencies, geographic areas, real estate, etc.).

Cayman Islands

The Cayman Islands is clearly one of the major financial centres in the Caribbean, due to its political stature as a British Crown Colony and the carefully laid framework of regulatory legislation. The infrastructure of attorneys, bankers, administrators and accountants, the state-of-the-art communication systems, the existence of a no income tax regime and the close working relationship between the financial industry and the regulatory authorities all contribute to the appeal of this jurisdiction.

In 1993, the Cayman Islands government introduced the Mutual Funds Law to enhance the credibility of the Islands as a reputable fund domicile. The Mutual Funds Law was consolidated and revised in 2006 in the Mutual Funds Law Revision. The Mutual Funds Law authorizes the Cayman Islands Monetary Authority (CIMA) (as well as placing reliance on the private sector) to administer the provisions of the law. The law contains enforcement provisions allowing CIMA to inspect books and records, call for accounting and take action to protect investors as appropriate. The penalties that may be imposed under the Mutual Fund Law for breach of statutory requirements are relatively severe.

The objectives of the Mutual Funds Law are to:

- Provide an understandable definition of a fund;
- Establish regulations where the responsibility to apply the law in practice is placed on the service providers in the private sector, such as administrators, attorneys and auditors;
- Provide a licensing procedure for large and reputable promoters;
- Allow organizations not located in the Cayman Islands to act as service providers;
- Allow the fullest range of fund investment objectives; and
- Exclude funds designed for sophisticated investors from initial regulation, other than filing the fund's offering circular.

The Mutual Fund Law defines a fund as:

"A company, or unit trust, or a partnership, that issues equity interests, the purpose or effect of which is the pooling of investor funds with the aim of spreading investment risks and enabling investors in the mutual fund to receive profits or gains from the acquisition, holding, management or disposal of investments."

Exemptions from regulation under the Mutual Funds Law are provided for:

- Closed-end funds. These are funds that do not provide for redemption or repurchase rights to investors;
- Debt issues; and
- Any company, unit trust or limited partnership where the equity interests are held by not more than fifteen investors, the majority of whom are granted the right of appointing or removing the operator of the fund.

The Mutual Funds Law distinguishes three classes of funds: licensed mutual fund, registered mutual fund and administered mutual fund.

Licensed mutual funds are intended to be used by large and reputable institutions that intend to market the fund to unsophisticated investors with minimum initial investments of less than US\$50,000.

Application for a license is made to CIMA by completing an approved form accompanied by:

- The current offering document (or latest draft);
- A synopsis of the offering document;



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- Details of its registered office (or if unit trust its trustee);
 - Details of the administrator (if any); and
 - The payment of an incorporation and regulation fee of approximately US\$2,500.

In order for the license to be granted, evidence sufficient to satisfy CIMA regarding the following items must be provided:

- The sound reputation of the promoter(s);
- The sound reputation and sufficient expertise of the administrator; and
- That the business of the fund and any offer of equity interests in it will be carried out in a proper manner.

Registered mutual funds may take advantage of streamlined procedures under the Mutual Funds Law. The fund registers with CIMA by completing an approved form, providing the current offering document and paying an initial and annual registration fee of approximately US\$3050. CIMA exercises no discretion in these registration procedures. This class includes funds where either:

- The minimum initial subscription per investor is at least US\$100,000 or its equivalent in any other currency; or
- Equity interests are listed on an approved stock exchange (including over-the-counter markets).

Administered mutual funds that do not fall under the exemptions of the Mutual Funds Law and are not regulated or licensed funds will be the regulatory responsibility of the private sector. This class of funds must be administered by the holder of a Mutual fund administrator's license. Therefore, this class of funds is not required to obtain a license from CIMA. The administrator is responsible for, and must pay, the initial and annual government fees with respect to the fund. The fund's offering document must be submitted to the Monetary Authority as well as any subsequent material changes thereto.

All regulated funds must:

- Submit to CIMA an offering document (in the case of a registered mutual fund, a registration form containing prescribed details relating to the fund), in addition to any subsequent material changes thereto;
- Pay an annual registration fee of approximately US\$3,050;
- Pay an annual government fee of US\$575; and

- Provide CIMA with financial statements which have been audited by an approved auditor within six months of the fund's year end. The audit must be issued by an audit firm resident on the Cayman Islands.

Cayman Islands Legal Structures

The exempted company is the most commonly used structure for funds. Segregated portfolio companies, unit trusts and exempted limited partnerships are also available.

The exempted company, which is governed by the Companies Law 1990 (Revised) of the Cayman Islands, may redeem or purchase its own shares and may therefore operate as an open-ended corporate fund. Closed-end corporate funds can also be established using the exempted company. It is a relatively simple procedure to convert from one to the other. Single, dual or multiple classes of shares are allowed. Different rights may attach to different share classes, allowing for the establishment of any of the common types of fund structures. The Companies Law allows redomiciling of companies and corporate reconstructions so that fund mergers are easily executed.

Government registration fees for establishing exempted companies in the Cayman Islands are based on the authorized capital of the company. Fees are presented in the following table:

Authorized Capital	Registration Fee
Up to US\$50,000	US\$575
US\$50,000 to US\$1,000,000	US\$810
US\$1,000,000 to US\$2,000,000	US\$1,688
In excess of US\$2,000,000	US\$2,400

A segregated portfolio company (SPC) is available under the provisions of the Companies Law of the Cayman Islands (2001 Second Revision). The SPC provides for multi-portfolio structures with a segregation of assets and liabilities precluding cross liabilities between separate portfolios within an SPC. The assets of a segregated portfolio within an SPC structure are available to meet only the liabilities of the creditors of that segregated portfolio. This structure is particularly well suited for umbrella fund structures, eliminating the need for separate legal structures to ensure the segregation of liabilities related to segregated portfolios.

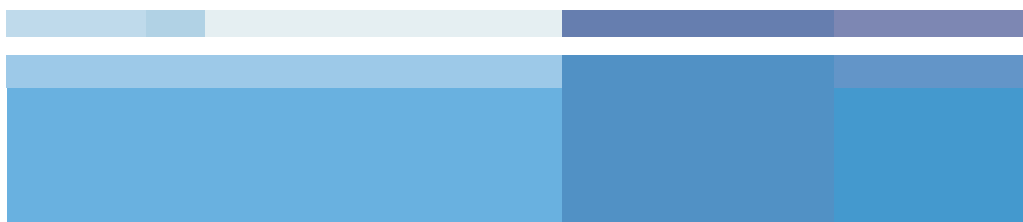


An SPC must be registered as such with the Registrar of Companies. The Registrar of Companies will register an SPC intended to be regulated by the CIMA only with the Monetary Authority's permission. Government registration fees in addition to the exempted company registration fee include:

- A one time application fee of CI\$500 (US\$610);
- An SPC annual fee of CI\$2,000 (US\$2,440);
- An additional annual fee of CI\$300 (US\$360) for each segregated portfolio, up to a maximum of CI\$1,500 (US\$1,830);
- A government annual fee of US\$575; and
- An annual registration fee of US\$3,050.

A unit trust may be registered as a fund if the trust units are redeemable at the option of the investor. Unit trusts may be registered as exempted trusts under the provisions of the Trusts Law (1998 Revision), provided that none of the investors is, or is likely to be, resident or domiciled in the Cayman Islands. As an exempted trust, a unit trust can apply for a 50-year tax exemption from the Cayman Islands Government.

An exempted limited partnership may be registered as a fund under the Mutual Funds Law. In order to be a limited partnership under the terms of the Exempted Limited Partnerships Law (1997 Revision) the partnership must be registered as an exempted limited partnership in the Cayman Islands. The general partner must also be either a Cayman company, a foreign company registered in the Cayman Islands under Part IX of the Companies Law (1998 Revision), or another exempted limited partnership.





Netherlands Antilles

The Netherlands Antilles was the jurisdiction of choice for the incorporation of hedge funds long before Caribbean common law jurisdictions began to pass legislation designed to increase their market share in the 1990s. Most known hedge funds are/were either domiciled and/or administered in this jurisdiction. The Netherlands Antilles continues to maintain a healthy fund sector despite the attention given to other jurisdictions as a result of the large increase of fund activity in those jurisdictions over the last ten years.

As a member of the Kingdom of the Netherlands, the Netherlands Antilles employs a civil law legal system similar to that of the Netherlands. The civil law system has the advantage of basing court decisions on statute rather than on prior decisions as in common law legal systems. An important feature of Netherlands Antilles law is that it does not recognize the legal practice of discovery. Therefore, files of an NABV located in the Netherlands Antilles cannot be subjected to discovery procedures.

The National Ordinance on Supervision of Investment Institutions and Administrators (2002) provides for the supervision of investment funds domiciled in the Netherlands Antilles. The Ordinance has been designed to protect investors while providing the flexibility to allow international investment funds to operate without restrictive provisions.

As a general rule, all investment funds need to be licensed by the Bank of the Netherlands Antilles. The BNA will grant a license if the fund satisfies the Bank's rules regarding integrity and competence, financial security, conduct of business and provision of information to the public. Once the fund has obtained a license, it must submit (interim) financial statements on a regular basis and seek the BNA's approval for changes in management, as well as any other changes in the information provided in the licensing process.

However, it is possible to obtain an exemption from the licensing requirements, particularly if the fund is offered only to sophisticated investors. An investor is generally considered to be sophisticated if he is able to invest at least US\$50,000. For that reason, funds seeking an exemption typically have a minimum subscription amount of at least US\$50,000.

Netherlands Antilles Legal Structures

Netherlands Antilles tax legislation contains a special exemption from tax for a Netherlands Antilles Besloten Vennootschap (NABV) when it is organized as a fund.

The exemption is subject to a number of requirements, including:

- That the Executive Board consists of persons (be they individuals or corporations) resident in the Netherlands Antilles; and
- The financial statements are approved by an auditor within twelve months, but there is no requirement that the auditor be resident in the Netherlands Antilles.

In addition to its tax exempt status, a number of factors have been introduced that are aimed to increase the freedom of choice regarding the legal structure of the fund. These factors include:

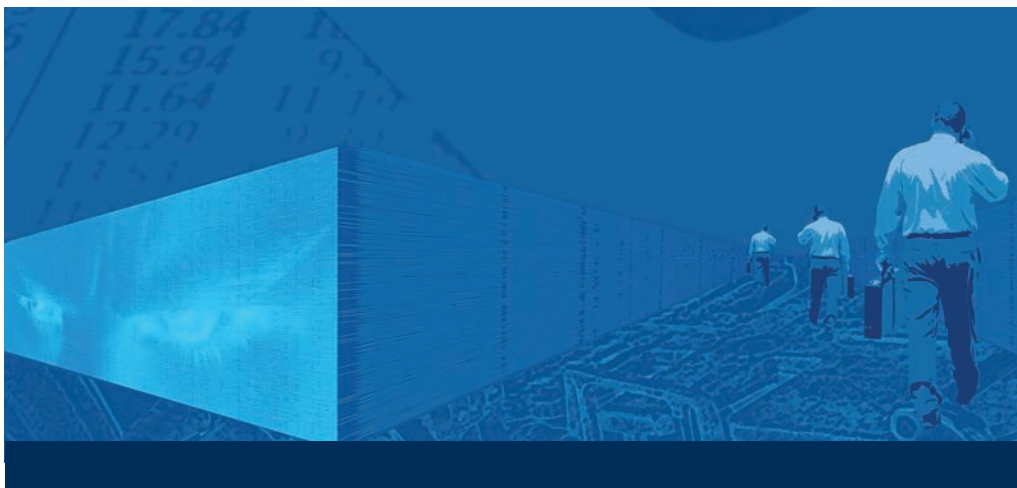
- The Articles of Association may be in English or any other language. If a language other than English or Dutch is desired, an official translation is required;





- A civil law notary residing in the Netherlands Antilles forms an NABV. No government approvals are required, which minimizes the time required to incorporate an NABV;
- An NABV can effectuate a statutory merger with foreign companies if it is allowed by the jurisdiction of the foreign company;
- A foreign company may transfer its statutory seat to an NABV if it is allowed by the jurisdiction of the foreign company;
- Full, limited or non-voting rights may be allocated among share classes. Full, limited or no rights to profits can be allocated among share classes. Shares may have no par value or a par value may be assigned;
- There is no limit or fee related to the number of shares authorized;
- Shares may be denominated in one or more currencies;
- There are no minimum capital requirements provided the net equity is greater than zero; and
- Shareholder and director meetings may be held anywhere and may be organized via any means of communication.

Liability of shareholders of an NABV is limited to the amount of their capital contribution. The structure may be granted full exemption from exchange control regulations, permitting unrestricted transactions in any currency other than the Netherlands Antilles guilder. There are no regulations restricting investment activities or the offering of shares to non-residents.





Fund Jurisdictions – Europe

The Netherlands

The Netherlands is one of the founder members of the EU and has long been a centre for international holding, financing and licensing structures. It has one of the highest savings rates in the world and, as a consequence, has a well-developed financial market. The mutual funds infrastructure is also well developed, but has catered mostly to the domestic market.

As a consequence, the Netherlands is not known as a jurisdiction for investment funds. However, we will discuss two structures that either are (FGR) or will soon be (VBI) attractive as vehicles for funds operating in the international arena.

Dutch Closed Investment Fund

A Dutch closed investment fund (besloten fonds voor gemene rekening; FGR) may be used by private investors and corporations in a situation when it is important that admissions of new investors and redemption may take place on a regular basis. If properly structured, the fund will be transparent for tax purposes in the Netherlands, which means that corporate income tax is not levied at the level of the fund, but at the level of the (foreign) participants. As a consequence, no corporate income tax will be due in the Netherlands.

Structure of the Fund

In order to be transparent for Dutch corporate income tax purposes, the fund must be set up as a contractual (as opposed to corporate) entity. In the typical structure, the fund has a manager, for which we use a special purpose vehicle that is not subject to tax, does not trigger the applicability of securities regulations and is established in a non-blacklisted country. The investment decisions in the fund are taken either by the manager or by third parties with whom the manager enters into an investment management agreement. The manager usually appoints an administrator who will be responsible for communication with the participants, maintaining the fund's records, general administration, handling and processing of subscriptions and redemptions and calculation of the net asset value.

The fund may be set up either as a licensed vehicle in the Netherlands, or as a non-licensed vehicle. Under the Dutch Financial Supervision Act (Wet Financieel Toezicht), a license from the Autoriteit Financiële Markten (AFM) is required in order to solicit or obtain moneys or other goods (such as securities) for participation, or to offer participation rights in an investment fund outside a closed circle (besloten kring) in or from the Netherlands. To obtain such a license, the manager and the custodian

must be located in the Netherlands and must meet certain capital and expertise requirements. The fund will be supervised by, and must report periodically to, the AFM. The licensed fund is more often used when it is intended to offer the units to a larger (often unrelated) group of investors, including investors in the Netherlands. It should be noted that contributions to the licensed fund are not subject to Dutch capital tax, since such tax has been abolished since January 1, 2006.

The fund need not obtain a license from the Financial Markets Authority if the minimum subscription to the fund is at least EUR 50,000 or the units are not offered to more than 100 persons per country. Since such a non-licensed fund will not fall within the scope of the Dutch Financial Supervision Act, there is almost total flexibility in structuring the fund. In addition, there are no Dutch publication requirements and the fund will not need to be registered in the Trade Register of the Dutch Chamber of Commerce.

The main document governing the fund will be the Terms and Conditions. This is a document that is signed by the manager of the fund and, if desired, other parties involved in the fund. When subscribing for units in the fund, the investors accept the Terms and Conditions. In addition, the manager will provide potential investors with an Information Memorandum in which various aspects of the fund are set out and on the basis of which potential investors will decide whether or not to participate.

Dutch Exempt Investment Fund (VBI)

In August 2007, Dutch parliament adopted legislation aimed to make Dutch investment funds an attractive vehicle for international markets. The law introduced a Dutch exempt investment fund, which is not subject to corporate income tax and is not required to withhold Dutch dividend withholding tax on outgoing distributions. Since capital duty was abolished a year ago, this means that a VBI is completely tax exempt. There are no fees payable to any government body.

However, since a VBI is not a tax-paying entity in the Netherlands, it cannot claim the protection of the Dutch treaty network. As a result, foreign dividend withholding tax cannot be reclaimed.

The status of a VBI needs to be confirmed by the competent tax inspector. To qualify as a VBI, a fund needs to be a naamloze vennootschap (NV) or similar legal entity, meaning that the shares must be freely transferable. It also needs to be an open-end fund, meaning that on a regular basis it accepts subscriptions and redemptions at net asset value. It needs to invest in financial instruments (which

term includes securities, derivatives, etc., but excludes real estate, and probably also private equity).

A VBI needs either to have obtained a license from the Financial Markets Authority or to be eligible for an exemption of the obligation to obtain such a license. At present, the exemption is available if the minimum subscription amount of the fund is at least EUR 50,000.

The status of a DEIF needs to be confirmed by the competent Tax Inspector. In order to qualify as a DEIF, a fund needs to be a Naamloze Vennootschap ("NV") or similar legal entity, meaning that the shares must be freely transferable. It also needs to be an "open-end" fund, meaning that on a regular basis it accepts subscriptions and redemptions at Net Asset Value. It needs to invest in financial instruments (which term includes securities, derivatives, etc., but excludes real estate, and probably also private equity).

A DEIF needs to either have obtained a license from the Financial Markets Authority, or be eligible for an exemption of the obligation to obtain such a license. At present, the exemption is available if the minimum subscription amount of the fund is at least EUR 50,000.



Luxembourg

Luxembourg, a member of the EU and OECD, successfully developed a significant role in the investment fund industry and ranks second in the EU and third in the world in terms of volume of domiciled funds. The vast majority of retail-oriented investment funds distributed in two or more EU countries are registered in Luxembourg.

The success of Luxembourg as a financial centre and, in particular, in the investment fund industry is directly linked with its ability to recognize the business opportunities in the investment fund sector. This led to the implementation in 1983 of a regulatory platform that was unique in Europe.

Luxembourg was the first country to implement the European Union's UCITS (Undertaking for Collective Investments in Transferable Securities) directive. This has been a key factor in the jurisdiction's success. The implementation created a successful platform for an investment vehicle that allowed the cross-border marketing of Luxembourg-domiciled investment funds in Europe.

Luxembourg has considerable experience in creating new types of investment vehicles. The first Luxembourg Undertaking for Collective Investment (UCI) was created in early 1959. The investment fund





industry started to grow rapidly after the introduction of the UCITS directive, particularly after 1990. Luxembourg stimulated this growth through constant innovation and a rapid and creative response to changes in the investment fund industry. Introduction of innovative products has also been a major factor in maintaining Luxembourg's lead over other financial centres within the EU.

Legal framework

Luxembourg legislation distinguishes three types of investment funds:

1. SICAV (Societe d'Investissement a Capital Variable), a public limited company with a variable capital. The minimum capital may not be less than EUR 1,240,000, which must be reached within 6 months following the authorization received from the CSSF. As SICAVs are legal entities, they do not require the appointment of a management company.
2. SICAF (Societe d'Investissement a Capital Fixe), a public limited company with a fixed capital.
3. FCP (Fonds Commun de Placement), an undertaking for collective investments that is not a distinct legal entity and as such a management company must be appointed to act on its behalf.

The laws, rules and regulations applicable to Luxembourg-based investment funds are prescribed in the Law of March 30, 1988; Circular 91/75 of January 21, 1991 issued by the Commission de Surveillance de Secteur Financiere (CSSF); The Law of July 19, 1991.

The Law of March 30, 1988 reflects the provisions of the EU directive on the level of law, regulation and administrative provisions relating to UCITS. The purpose of this law is to protect investors who are solicited by promoters. In addition, the law provides the legal and regulatory framework of investment fund activity and prescribes that this activity is subject to the supervision of the CSSF, the supervisory body of the financial sector in Luxembourg.

Luxembourg law makes a clear distinction between investment funds authorized and governed by Part I of the law and those authorized and governed by Part II of the law. Funds authorized and governed under Part I of the law have the right, subject to limit formalities, to market their shares in all EU member states. Funds authorized and governed under Part II of the law must first satisfy specific conditions required by the regulatory authorities of the countries in which they wish to market their shares.

Investment funds governed by Part I of the law are funds, known as UCITS, designed to invest in transferable securities. They are always open ended and are obliged to re-purchase their shares on request of an investor.

Investment funds governed by Part II of the law are funds, known as non-UCITS, designed to invest in transferable securities not qualifying as UCITS.

Funds governed by Part II of the law include:

- Closed-end investment funds;
- Investment funds which raise capital without promoting the sale of their shares to the public within the EU or any part of it;
- Investment funds whose shares in compliance with the fund's constitutional documents are sold to the public only in countries that are not EU members;
- Investment funds whose investment policy and borrowing principles deviate from the standard rules and principles as set by the CSSF. Policies include:
 - Maximum investment of 20% of net assets in venture capital companies;
 - Maximum investment of 20% of net assets in assets other than transferable securities;
 - Maximum investment of 50% of net assets in liquid assets;
 - Maximum borrowing of 25% of net assets (leveraged funds); and
 - Maximum investment of 20% of net assets in other open-ended investment funds (fund of funds).
- Umbrella funds, where one sub-fund does not comply with the investment and borrowing policy prescribed in Part I of the law.

As a general rule, all investment funds whose primary objective is to invest in assets other than transferable securities are subject to Part II of the law.

Investment Manager

In compliance with Article 2 of the Law of March 30, 1988, a management company shall manage the assets of a Fond Commun de Placement (FCP) or undertaking for collective investments.

The management company is set up in the form of a public limited company (SA), a private limited company (SARL), cooperative company (SC) or a partnership limited by shares (SCA). Registered shares



shall represent the capital of the management company. The activity must be limited to the management of undertakings for collective investments and it must have sufficient financial resources available to execute its tasks and responsibilities. The capital must be at least EUR 123,950.00 and must be fully paid up. This capital may be raised to EUR 619,750.00 by a grand ducal decree.

Central Administration

Under the provision of the Law of March 30, 1988, the central administration of Luxembourg-based investment funds must be situated in Luxembourg. This requirement is to ensure that the CSSF, the depositary and the auditor can easily carry out their tasks without restriction in regard to their duties, tasks and other responsibilities.

The result is, among other things; that the:

- Calculation of the net asset value must be carried out in Luxembourg;
- Accounts must be kept and the accounting documents must be available in Luxembourg;
- Subscriptions and redemptions must be carried out in Luxembourg;
- Shareholders' register must be kept in Luxembourg;
- Prospectus, financial reports and any and all documents intended for investors must be established in close cooperation with the central administration in Luxembourg; and
- Correspondence, dispatch of financial report; and any and all correspondence intended for shareholders must be carried out from Luxembourg and in any case under the responsibility of the central administration in Luxembourg.

Depositary


Pursuant to the Law of March 30, 1988, the custody of the assets of Luxembourg-based investment funds, whatever their status or legal form, must be entrusted to a depositary. The concept of custody should not be understood only as the safekeeping of the assets but also as supervision of these assets. The depositary must, at all times, have knowledge of how the assets of the investment fund are invested and where and how these assets are available.

All Luxembourg-based investment funds governed under Part I and Part II of the law must appoint a Luxembourg-based depositary.

Application

Luxembourg-based investment funds are subject to approval, supervision and control of the Commission de Surveillance de Secteur Financiere (CSSF), the supervisory body of the financial sector in Luxembourg.

The file to be submitted to the CSSF must contain the following draft documents and/or agreements:

- Articles of incorporation;
- Management agreement;
- Custodian agreement;
- Advisory agreement;
- Administration Agreement;
- Prospectus and any and all other information intended for investors;
- Name of the depositary in Luxembourg with a detailed description of the technical and human resources at its disposal in relation to the execution of its task and responsibilities;
- Indications on the organization of the central administration in Luxembourg with a detailed description of the technical and human resources at its disposal in relation to the execution of its task and responsibilities; 
- Name of the auditor;
- Information on the promoter (i.e., financial report), information on the directors and officers (i.e., curriculum vitae); and
- Marketing memorandum, containing information as to the method of marketing, the countries where the shares are marketed and the targeted investors.

Investment funds whose shares are to be sold to the general public must be in possession of an approval of the CSSF. This approval is registered on a list of approved investment funds, which is published in the Luxembourg official gazette (Memorial).

Supervision and Control

The CSSF, after approval, will continue with the supervision and control of an investment fund. On a monthly basis the investment fund must communicate the financial information requested by the CSSF. Changes to the structure, documents or agreements as presented at the initial application must be provided to the CSSF. Investment funds must also communicate confirmations, reports and written



commentaries of the auditor. The auditor generally confirms these in a management letter to the investment fund.

Specialised Investment Funds

According to legislation recently adopted by the Luxembourg Parliament, specialised investment funds (SIFs) aimed at sophisticated investors will be subject to a separate and much more flexible regime than that for other funds.

The main characteristics of SIFs are as follows:

- Extended definition of eligible investors (including high net worth individuals);
- Unlimited range of eligible assets and authorised investment strategies;
- Attractive tax regime;
- No promoter requirement;
- Simplified approval process;
- No detailed investment restrictions;
- Flexible corporate rules;
- Light reporting and disclosure requirements;
- Reduced scope of the duties of the depositary; and
- Flexible valuation rules.

SIFs display the same key features as other funds

SIFs constitute a new category of investment funds and display the same key features as funds subject to the 2002 Act on UCIs. In particular:

- SIFs may be established under either the corporate (investment companies) or contractual form (fonds communs de placement, FCPs);
- SIFs established as an investment company may have a variable capital (SICAVs) or a fixed capital (SICAFs);
- SIFs established as an FCP must be managed by a management company subject to the 2002 Act;
- SIFs may be comprised of several fully segregated sub-funds;
- SIFs must appoint a Luxembourg depositary and have the central administration in Luxembourg;
- SIFs must have the accounts audited by an independent auditor; and
- SIFs are subject to the supervision of the CSSF.

SIFs are reserved for well-informed investors

Three categories of investors are authorised to invest in SIFs:

- (i) Institutional investors; the definition of institutional investors adopted by the CSSF in the context of the 1991 Act should remain applicable after the adoption of the new law.
- (ii) Professional investors; within the meaning of Annex II to Directive 2004/39 on markets in financial instruments.
- (iii) Other well-informed investors who have adhered in writing to the status of well-informed investors and who comply with one of the following conditions:
 - Invest at least 125,000 € in the SIF; or
 - Have expertise that is confirmed by a Luxembourg credit institution, investment firm or a management company.

This last category gives sophisticated individual investors (including high net worth individuals) access to the flexible and tax-attractive regime of SIFs.

Persons who are involved in the management of the SIF are also authorised to invest in the fund without complying with the above requirements.

SIFs may invest in an unlimited range of assets

Similarly to non-EU harmonised funds, which may be marketed to retail investors (and are subject to part II of the 2002 Act), SIFs will be authorised to invest in virtually any type of asset class. The SIF will be an appropriate vehicle for traditional investment strategies (equity funds, bond funds, cash funds, funds of funds, etc.) as well as sophisticated investment strategies (hedge funds, real estate funds, private equity funds, infrastructure funds, etc.).

SIFs benefit from an attractive tax regime

SIFs will be subject to the same tax regime as funds subject to the 1991 Act (i.e., no tax in Luxembourg except for a 0.01 percent annual subscription tax on the net asset value).

Fund Jurisdictions – Singapore/Hong Kong

Singapore

Tax exempt foreign-owned Singapore investment funds

Singapore introduced, through Circular FDD Cir 14/2006 of November 6, 2006, a tax exemption for Singapore resident investment funds that are substantially owned by foreign investors. The purpose of this legislation is to enhance Singapore as a financial and asset management centre.

In September 2007, the 80:20 rule which mandated that no more than 20% of the fund's issued shares be owned directly or indirectly by Singapore citizens or permanent residents was revoked by the government of Singapore. The removal of this restriction provides fund managers based in Singapore with greater flexibility in sourcing for mandates, as long as there is at least one beneficial investor who is not directly or indirectly a citizen or permanent resident of Singapore.

Each fund must obtain the approval of the Monetary Authority of Singapore by showing that it concerns a fund that:

- Has a legal representative company incorporated in Singapore;
- Is a tax resident of Singapore with management and control (i.e., board of directors meetings) exercised in Singapore;
- Is not 100% beneficially owned, directly or indirectly, by Singapore citizen(s) or permanent resident(s) of Singapore;
- Has a fund administrator residing in Singapore;
- Is managed by a fund management company that holds a capital markets services license for fund management under the Securities and Futures Act (Cap 289) unless exemption is obtained from MAS;
- Incurs expenses of at least S\$200,000 (EUR100,000) each financial year;
- Declares not to change its investment objective/strategy after having received tax exemption approval from MAS;
- Has not carried out a non-tax-exempted business in Singapore previously; and
- Will not own >20% of the issued shares of any Singapore resident company or any foreign company which has a permanent establishment in Singapore or carries on a business in Singapore.



Hong Kong

Hong Kong is the leading Asian international fund management centre. The fundraising capacity of Hong Kong's stock market¹ highlights Hong Kong's status as an international financial centre. Stock market capitalization and IPO (initial public offering) funds raised exceeded US\$1,5 billion and US\$35.4 billion, respectively, as of November 2006. This outperformed New York, ranking second in the world after London.

Hong Kong is designated as the fundraising centre for China, one of the fastest-growing economies in the world. This position was confirmed by the Central Government's 11th Five-Year Program, announced in March 2006.

According to the Asia-Pacific Wealth Report 2006 (by Merrill Lynch and Cap Gemini), the number of high net worth individuals in Hong Kong reached 77,000 in 2005. This is a 14.4% increase compared to 2004. The rapid growth of the Chinese mainland economy is also spurring the demand for investment products for the growing pool of high net worth Individuals. It is clear that this will be a major source of growth in Hong Kong's asset management business.

Chinese mainland authorities have relaxed restrictions on investment by mainland companies and individuals in overseas securities. These new measures are commonly referred to as QDII (Qualified Domestic Institutional Investor) and present great opportunities for Hong Kong's asset management business.

The fund management business amounted to US\$582 billion in 2005. There were about 217 fund management firms with over 16,000 staff engaged in fund management activity. Major players already established in Hong Kong include Barclays Global Investors, Capital Group, Dresdner RCM, Fidelity and Franklin Templeton.

¹ It is ranked 3rd worldwide in terms of equity funds raised in the first 10 months of 2006.



Hong Kong Legal and Tax Structures

The fund management sector in Hong Kong is regulated by the Securities and Futures Commission (SFC), an independent non-governmental agency.

Fund management companies in Hong Kong must have a minimum capital of HK\$5 million, of which the minimum liquid amount must be HK\$3 million.

Hong Kong has a very simple tax system that operates as a major attraction for many foreign companies, including fund management companies. Fund management companies are exempt from Hong Kong tax based on the following:

- Capital gains;
- Offshore source gains (e.g., foreign listed securities and fixed income instruments);
- Mutual fund, unit trusts and similar investment schemes, if they are authorized under the Securities and Futures Ordinance (SFO)² or bona fide widely held scheme supervised by an acceptable supervisory authority; and
- Retirement funds.

New supporting legislation was passed on March 2006 designed to attract more global fund companies and professionals to Hong Kong and to use its specialized asset management services. Under the new legislation, offshore fund income from the following sources is exempt from income tax in Hong Kong:

- Listed securities;
- Futures contracts;
- Foreign exchange contracts;
- Issuance of loans (but not for a money-lending business);
- Foreign currency exchange; and
- Commodity exchanges/trades (e.g., gold and silver).

The offshore fund

The Hong Kong tax administration considers a fund to be offshore when a fund's central management and control is performed outside the territory of Hong Kong. This refers to the location where directors meet to make investment decisions for the fund. This classification is essential to claim the tax

² The Securities and Futures Ordinance Chapter 571 governs the fund management business.

exemption under the new legislation.

Funds registered in Hong Kong

According to a survey from the SFC in 2005:

- 75% of the registered funds were unit trusts and mutual funds;
- 11% were MPFs (mandatory provident fund) pooled investment funds; and
- 7% were investment-linked assurance schemes.

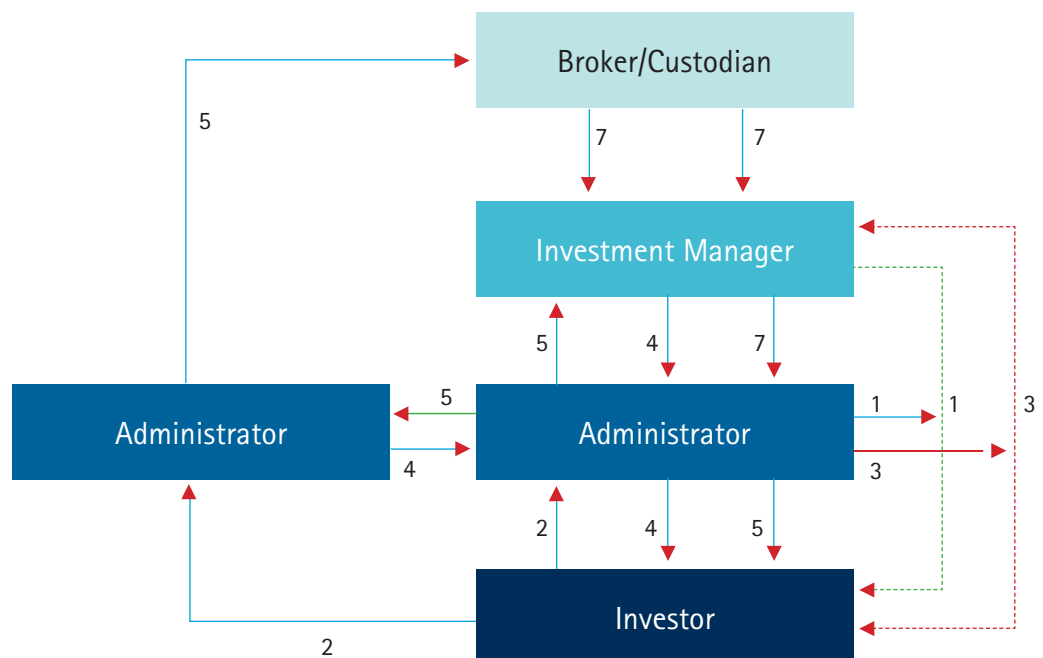
Private equity and venture capital are likewise also growing in Hong Kong. Hong Kong government sources announced in 2006 that Hong Kong is the second largest venture capital centre in Asia with US\$30 billion capital under management. There are currently about 173 venture capital funds with more than 600 professionals.



Fund Administration and Net Asset Valuation

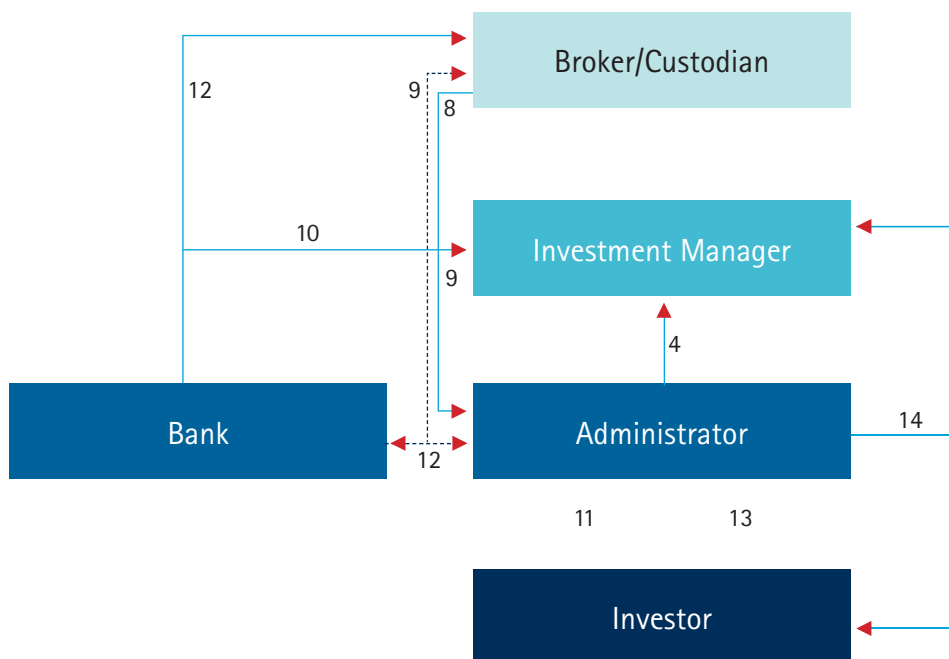
Fund Subscription Flow Chart

1. Investors are made aware of the opportunity to invest and obtain the fund's offering document from the fund's sponsor, investment manager or administrator.
2. Interested investors complete subscription agreement, provide it to the administrator and transfer cash for investment to the fund's bank account on/or before the investment date.
3. Administrator reviews subscription documents received, ensures information is accurate and complete, and acknowledges receipt of subscription agreement to investor and to investment manager.
4. The bank confirms receipt of subscription funds to administrator. Administrator acknowledges receipt of cash to investor and provides summary of cash received and projected future cash flow to investment manager.
5. Administrator directs transfer of subscription proceeds not of any projected cash flow to broker account, working closely with the investment manager to ensure investment operations can proceed smoothly.
6. Administrator confirms final details of subscription transaction to investor, including number of shares issued, trade date and any related fees, if applicable. The shareholders' register is updated to reflect the shareholder subscriptions.



Net Asset Valuation Flow Chart

7. Investment manager directs broker to execute trades in accordance with the fund's investment strategy. To expedite recording and verification procedures, each investment transaction is communicated to the administrator by the investment manager and the broker. This information is transmitted in electronic form to allow automated recording of trades where possible.
8. On the valuation date the broker provides the administrator with a listing of securities held in custody as well as broker cash and receivable/payable balances.
9. The administrator prepares a portfolio based on individual trades as received from the investment manager and the broker. The portfolio positions are priced independently.
10. The investment manager may provide the administrator with a portfolio at the valuation date to allow the administrator to identify differences in investment positions and prices



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11. Portfolios are reconciled and differences in positions and prices are identified. All differences are investigated to ensure that the final portfolio included in the net asset value calculation is accurate.
 12. Cash transactions for payment of expenses and fees are initiated by the administrator and summarized in the fund's ledgers. Cash balances, as summarized in the fund's ledgers, are reconciled with balances as confirmed by the bank on each valuation date.
 13. The fund's transactions are summarized in ledgers maintained by the administrator. Transactions will include cash payments and the accrual of expense, dividend, interest and fees. Financial statements are prepared and the net asset value per share is determined based on information summarized in the fund's financial ledgers and the shareholders' register.
 14. The net asset value is reported to the investment manager and account value is reported to shareholders.

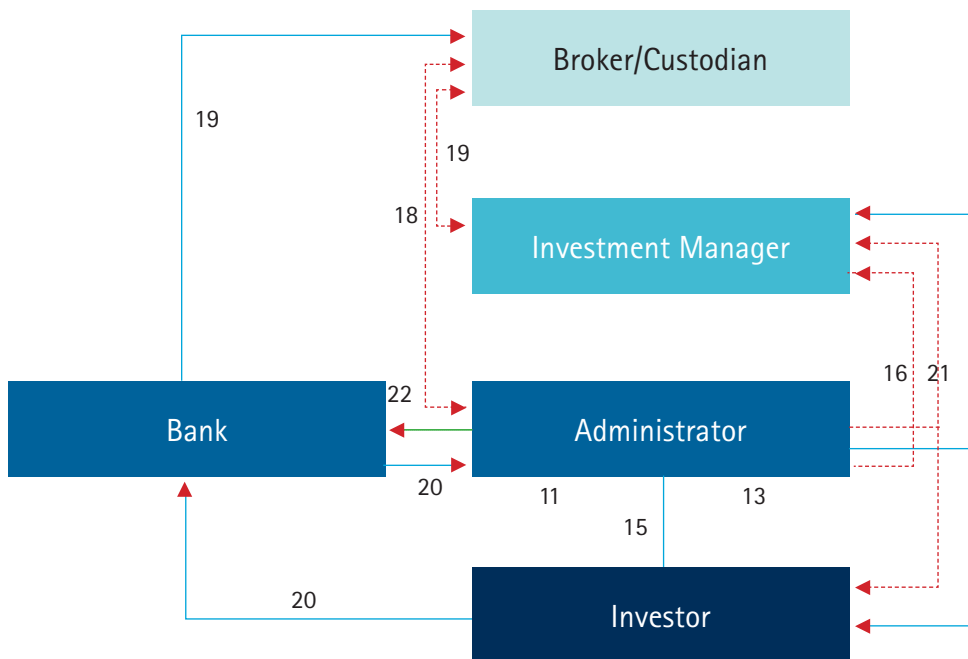
Fund Redemption Flow Chart

15. The administrator receives redemption requests from shareholders. The administrator reviews requests, ensuring that they are received with proper notice, are properly executed, include bank transfer instructions, and adhere to any other redemption policies of the fund.
16. The administrator acknowledges receipt of redemption requests to each shareholder and provides a summary to the investment manager,





17. Redemptions and projected cash flows are summarized by the administrator and communicated to the investment manager.
18. The investment manager will liquidate investments in an orderly manner if the cash flow projection indicates that cash is required. Liquidation transactions are transmitted to the broker and to the administrator.
19. The investment manager directs the broker to transfer cash from the broker account to the bank account to ensure adequate funds are available in the fund's bank account to fund total redemptions.
20. Upon finalization of the net asset value per share calculation, the administrator directs the bank to make redemption payments and redemption proceeds are transferred to investor accounts.
21. Details of redemptions, including the net asset value per share and the total amount of the redemption, are confirmed to shareholders and a summary is provided to the investment manager.
22. The bank confirms payments to the administrator.






Amicorp Fund Services

Amicorp Fund Services is engaged to assist in determining the structure and other details of the fund. Decisions in this regard are taken in view of the specific investment idea and target investors of the fund. Advantages and disadvantages of fund jurisdictions are evaluated to ensure that the operation of the fund is as simple as possible and to avoid regulatory, tax and operational problems. Securities regulations and tax ramifications applicable to target shareholders are assessed and addressed in the fund structure.

During the life of a fund, the administrator ensures that the objectives of the fund are carried out. The NAV is calculated based on the frequency outlined in the offering document. For hedge funds this is usually on a monthly basis, however a more frequent calculation is becoming more common. Amicorp Fund Services can prepare NAV calculations on a daily, weekly, bi-monthly or monthly basis as required. The NAV calculation process includes confirmation of all security balances and the independent verification of prices where available. Compliance with investment restrictions and policies is verified on each NAV calculation date. Certain funds, such as venture capital funds, present pricing challenges that are reflected in the structure of the fund as detailed in the offering document. In these cases, pricing policies laid out in the offering document are verified to ensure that they are consistently applied. All fund assets, liabilities, revenues and expenses are scrutinized in detail in NAV calculations prepared by Amicorp Fund Services. This attention to detail underscores the fiduciary duty towards shareholders inherent in the administration relationship with the fund. The administrator also ensures that the following tasks are completed:

- Sending shareholder value statements on a periodic basis;
- Confirmation of details of shareholder transactions to shareholders as well as to fund sponsors or managers;
- Ensuring compliance with legal requirements in the fund vehicle's domicile;
- Reviewing portfolio transactions and balances to ensure compliance with investment restrictions;
- Preparing annual financial statements and interim reports;
- Coordinating and assisting with the annual audit of the fund;
- Maintaining the shareholders' register; and
- Providing a Know Your Client and Anti-Money Laundering system in compliance with international regulations applicable to the structure of each fund.



Effective April 29, 2003, the US Treasury Department exercised its authority to extend the time period for the implementation of an anti-money laundering program in accordance with the USA Patriot Act (the Act) for a period of no more than five months. Based upon the information made available, Amicorp Fund Services has implemented an Anti-Money Laundering Compliance Product. This product includes the following:

- Preparation of a written anti-money laundering plan in compliance with requirements of the Act;
- Firm-wide policies and procedure manual;
- Designation of a compliance officer;
- A staff training program on anti-money laundering techniques and how to detect and prevent money laundering;
- An independent review of the program by an independent accountant to ensure that the anti-money laundering program is being followed, is adequately documented and complies with the provisions of the Act;
- Maintenance of an effective Know Your Client policy; and
- Filing of notices with FinCEN that funds are subject to the Act.

Amicorp Fund Services can assist with the creation and operation of a fund in any or all of the following areas:

- Incorporation and organization;
- Company management;
- Provision of directors;
- Shareholder services; and
- Administration services.

Amicorp Fund Services serves as a guide and an advisor from the first moment of a fund's creation. Our experienced staff provides insight into the viability of the investment idea and is brought to bear on the refinement of that idea into a well-developed fund investment objective and strategy. We have extensive experience in working with legal counsel, brokerage service providers, banking organizations and auditors who have responsibilities in the organization and/or operations of the fund. Working with the fund sponsor, we define the significant attributes of a fund and assist with decisions regarding the type of fund, the fund vehicle's jurisdiction of constitution and the selection of additional service providers, all in view of the defined specifications and objectives of the fund.



Amicorp Fund Services provides turn-key fund establishment services including preparation of the offering document and relevant agreements, opening bank and brokerage accounts and establishing operational procedures. Amicorp Fund Services also provides assistance in the creation of a fund where another service providers play a lead role.

Under the laws of the Bahamas, the British Virgin Islands, the Cayman Islands, Hong Kong, the Netherlands Antilles and Singapore, there are no statutory provisions with regard to the location, nationality or jurisdiction of any of the parties to a fund. The laws of all these jurisdictions as well as those of Luxembourg require a local resident (which can be a legal entity) to assume the duties of registered office or local representative. Amicorp Fund Services can fill these functions, together with full administration services or separately, based on the needs of the fund. Directors, whether individual or corporate, depending on the legal requirements or preference of the fund's sponsor, can be provided in the jurisdictions mentioned above.

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