

Report of Independent Accountants

To the Board of Directors and Shareholders of
Thai Focused Equity Fund Limited

In our opinion, the accompanying statement of assets and liabilities, including the schedule of investments, and the related statements of operations and of changes in net assets present fairly, in all material respects, the financial position of Thai Focused Equity Fund Limited (the "Fund") at December 31, 1998, and the results of its operations and the changes in its net assets for the period from October 21, 1997 (commencement of operations) through December 31, 1998, in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Fund's management; our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit of these financial statements in accordance with auditing standards generally accepted in the United States of America which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit, which included confirmation of securities at December 31, 1998 by correspondence with the custodian and brokers, provides a reasonable basis for the opinion expressed above.

PricewaterhouseCoopers LLP

April 30, 1999

Thai Focused Equity Fund Limited
Statement of Assets and Liabilities (In U.S. Dollars)

December 31, 1998

Assets

Investments (identified cost \$16,038,245)	\$ 18,061,947
Cash at broker (Note 4)	10,941,457
Receivable for securities sold	106,351
Other receivable	2,522
Deferred organization costs	23,850

Total assets 29,136,127

Liabilities

Payable for securities purchased	430,575
Redemptions payable (Note 2)	3,326,956
Advanced share subscriptions (Note 6)	459,948
Management fee payable (Note 3)	65,257
Incentive fee payable (Note 3)	342,342
Payable to shareholders	910,125
Other accrued expenses	34,048

Total liabilities 5,569,251

Net assets \$ 23,566,876

Comprised of:

Paid-in capital applicable to 185,670.9794 shares issued and outstanding at December 31, 1998	24,206,623
Equalization reserve	553,609
Undistributed net reserves	(1,193,356)

Net assets \$ 23,566,876

**Net asset value per share (based on 185,670.9794 shares
issued and outstanding at December 31, 1998)** \$ 126.9282

The accompanying notes are an integral part of these financial statements.

Thai Focused Equity Fund Limited
Schedule of Investments (In U.S. Dollars)

December 31, 1998
Market Value

Common and Preferred Stocks (76.7%)		
Shares		
	Auto (5.9%)	
1,244,000	Thai Storage Battery Public - Foreign (5.9%)	\$ 1,391,649
10,000	Thai Storage Battery Public - Local (0.0%)	9,141
	Circuit Board (18.3%)	
1,459,800	KCE Electronics Public Company - Local (13.6%)	3,206,379
140,500	KCE Electronics - Foreign (1.3%)	308,601
310,700	Hana Microelectronics Co. Ltd. - Foreign (3.2%)	746,018
20,800	Hana Microelectronics Co. Ltd. (0.2%)	47,957
	Electrical Components (18.5%)	
530,250	Delta Electronics - Foreign (11.8%)	2,777,841
13,400	Delta Electronics - Local (0.3%)	69,468
1,017,500	GSS Array Technology - Foreign (5.5%)	1,304,842
241,600	GSS Array Technology - Local (0.9%)	204,354
	Electricity (3.3%)	
450,100	Electricity Gen. Pub. Co. Ltd. (3.3%)	779,845
	Food/Meat Products (19.7%)	
693,000	Thai Union Frozen Produce Pub. Co. - Foreign (12.8%)	3,006,463
282,500	Thai Union Frozen Produce Pub. Co. - Local (4.7%)	1,117,666
319,700	Surapon Seafoods Public - Foreign (1.5%)	357,645
11,700	Surapon Seafoods Public (0.0%)	9,976
20,600	Songkla Canning Public (0.2%)	39,907
53,900	Songkla Canning Public - Foreign (0.4%)	104,417
	Hotels (0.4%)	
239,200	Royal Garden Resort (0.4%)	94,636
	Insurance (2.2%)	
1,076,900	Safety Insurance PLC - Foreign (2.1%)	499,517
27,700	Safety Insurance PLC (0.1%)	12,848
	Metal Processing (0.5%)	
471,800	STP & I Public Co. Ltd. (0.5%)	126,156
2,800	STP & I Public Co. Ltd. - Local (0.0%)	749
	Telecommunications Equipment (3.9%)	
6,650,500	Capetronic International Thai (3.9%)	907,298
9,000	Capetronic International Thai Pub. Co. (0.0%)	1,228
	Transportation (4.0%)	
1,600,040	Regional Container Line Co. (3.5%)	828,908
228,200	Regional Container - Foreign (0.5%)	118,303
	Other (0.0%)	5,416
	Total Common and Preferred Stocks (cost \$16,038,245)	18,077,228

The accompanying notes are an integral part of these financial statements.

Thai Focused Equity Fund Limited
Schedule of Investments (In U.S. Dollars)

	December 31, 1998 Market Value
Rights (0.2%)	
Telecommunications Equipment (0.2%)	<u>46,130</u>
Total Rights (cost \$0)	<u>46,130</u>
Swaps (-0.3%)	
Asia (-0.3%)	<u>(61,411)</u>
Total Swaps	<u>(61,411)</u>
Total Investments (76.6%) (cost \$16,038,245)	<u>\$ 18,061,947</u>

The accompanying notes are an integral part of these financial statements.

Thai Focused Equity Fund Limited
Statement of Operations (In U.S. Dollars)

	For the Period October 21, 1997* through December 31, 1998
Investment income	
Interest income	\$ 180,856
Dividend income (net of foreign withholding taxes of \$10,346)	<u>181,619</u>
Total investment income	<u>362,475</u>
Expenses	
Incentive fees (Note 3)	387,915
Management fees (Note 3)	168,508
Accounting and administration fees	66,881
Professional fees	33,555
Registrar and transfer agent	19,565
Custodial fees	12,597
Amortization of organizational costs	11,575
Other expenses	<u>12,433</u>
Total expenses	<u>713,029</u>
Net investment loss	<u>(350,554)</u>
Realized and unrealized gains/(losses) on investments and foreign currency transactions - net	
Net realized losses on:	
Investments sold	(2,866,504)
Unrealized appreciation of investments	<u>2,023,702</u>
Net realized and unrealized losses on investments and foreign currency transactions	<u>(842,802)</u>
Decrease in net assets resulting from operations	<u>\$ (1,193,356)</u>

* Commencement of operations

The accompanying notes are an integral part of these financial statements.

Thai Focused Equity Fund Limited
Statement of Changes in Net Assets (In U.S. Dollars)

	For the Period October 21, 1997* through December 31, 1998
Net investment loss	\$ (350,554)
Net realized losses on:	
Investments sold	(2,866,504)
Unrealized appreciation of investments	<u>2,023,702</u>
Decrease in net assets resulting from operations	<u>(1,193,356)</u>
Proceeds from sales of shares	29,083,035
Proceeds from equalization factor	1,672,066
Payments for redemptions of shares	(4,876,412)
Payments of equalization factor	<u>(1,118,457)</u>
Increase in net assets resulting from capital stock transactions	<u>24,760,232</u>
Net increase in net assets	23,566,876
Net assets at beginning of period	<u>-</u>
Net assets at end of period	<u>\$ 23,566,876</u>

* Commencement of operations.

The accompanying notes are an integral part of these financial statements.

Thai Focused Equity Fund Limited

Notes to Financial Statements

December 31, 1998

1. Organization and Significant Accounting Policies

Thai Focused Equity Fund Limited (the "Fund") was incorporated in the British Virgin Islands on September 5, 1997 and commenced operations on October 21, 1997. The objective of the Fund is to seek superior long term capital appreciation through investment primarily in corporate equity securities of companies whose principal assets or operations are located in Thailand, or whose income is derived primarily from Thailand. Additionally, the Fund may invest in long or short positions in privately-negotiated (or restricted) common stocks, preferred stocks, stock warrants and rights, sovereign debt, corporate debt, bonds, notes or other debentures or debt participations, convertible securities, swaps and other derivative instruments, partnership interests and other securities of a non-publicly traded issuer. The Fund may sell securities short and employ leverage when deemed appropriate. The investment manager of the Fund is Quest Fund Management, Inc., a British Virgin Islands corporation (the "Investment Manager"). Doug Barnett (the "Principal") is the principal of the Investment Manager and is responsible for making the investment decisions on behalf of the Investment Manager.

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

The preparation of the financial statements in accordance with generally accepted accounting principles requires management of the Fund to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the period. Actual results could differ from these estimates. The following is a summary of significant accounting policies.

A. Investment Valuation

At December 31, 1998, substantially all investments consist of publicly traded equity securities. Securities that are listed on a stock exchange and are freely transferable are valued at their last sales price on the date of determination on the stock exchange which is the principal exchange for such securities, or, if no sales occurred on such day, at the "bid" price on such exchange at the close of business on such day if held long and at the "asked" price at the close of business on such day if sold short. Securities traded over the counter which are freely transferable shall be valued at the last sales price on the date of determination, or, if no sale occurred on such day, at the "bid" price at the close of business on such day if held long and at the "asked" price at the close of business on such day if sold short. As of December 31, 1998, substantially all of the Fund's securities were valued in accordance with these procedures.

If the listed price for any security held by the Fund does not accurately reflect the value of such security, the Fund's Board of Directors (the "Board") may, in its sole and absolute discretion, value such security at fair value, which may be greater or less than the quoted market price for such security. In establishing the fair value of the Fund's investments, the Board evaluates each investment by considering some or all of the following factors: the financial condition and operating results of the company, industry and economic data, the type of investment held, the valuation of comparable private and public companies, and other relevant factors such as actual

Thai Focused Equity Fund Limited
Notes to Financial Statements
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or pending transactions in the investment held or significant events as defined by the Board. Although the Board uses its best judgment in estimating the fair value of these investments, because of the inherent uncertainty of such valuations, such estimates are not necessarily indicative of the amount which the Fund could realize in a current transaction. At December 31, 1998, the Fund held certain positions in "foreign" shares, five of which were thinly traded. At December 31, 1998 the Fund valued these positions at the "local" price at a fair value of \$2,765,200.

Unrealized appreciation and depreciation, if any, resulting from the valuation of investments are reflected in the statement of operations.

B. Investment Transactions and Investment Income

Investment transactions are accounted for on the date the securities are purchased or sold. Realized gains and losses on the sale of investment securities are determined on the average cost basis. Interest income is recognized on the accrual basis. Dividend income is recorded on the ex-dividend date.

C. Income Taxes

The Fund is not subject to any income, withholding or capital gains taxes in the British Virgin Islands. As a result, no provision for income taxes has been made in the financial statements.

The Fund has filed with the United States Internal Revenue Service to elect to be treated as a partnership for United States federal income tax purposes.

The Fund's capital gains and interest income from non U.S. securities are generally exempt from foreign income or withholding tax at source.

Dividend income earned by the Fund from non-U.S. securities is generally subject to foreign withholding tax at source.

D. Translation of Non-U.S. Currencies

The books and records of the Fund are maintained in U.S. dollars. Assets and liabilities denominated in currencies other than the U.S. dollar are translated at the rate of exchange in effect at the valuation date. Portfolio security transactions denominated in currencies other than the U.S. dollar are translated at rates of exchange in effect at the time of each transaction. Income and expense transactions denominated in currencies other than the U.S. dollar are translated at the exchange rates in effect for the period in which the income or expense is recorded. The related translation adjustments are reflected in the respective income or expense, gain or loss components in the Fund's statement of operations.

The Fund does not generally isolate the effect of fluctuations in foreign currency rates from the effect of fluctuations in the market prices of securities. Accordingly, such net realized and unrealized foreign currency gains (losses) are included in net realized and unrealized gains (losses) on investments.

E. Swap Agreements

The Fund may enter into swap agreements to exchange the return generated by one security, instrument or basket of instruments for the return generated by another security, instrument or basket of instruments. The following summarizes swaps which may be entered into by the Fund:

Interest Rate Swaps:

Interest rate swaps involve the exchange of commitments to pay and receive interest based on a notional principal amount. Net periodic interest payments to be received or paid are accrued daily and are recorded in the statement of operations as an adjustment to interest income. Interest rate swaps are marked-to-market daily based upon quotations from market makers and the change, if any, is recorded as unrealized appreciation or depreciation in the statement of operations.

Total Return Swaps:

Total return swaps involve commitments to pay interest in exchange for a market-linked return based on a notional amount. To the extent the total return of the security, instrument or basket of instruments underlying the transaction exceeds or falls short of the offsetting interest obligation, the Fund will receive a payment from or make a payment to the counterparty, respectively. Total return swaps are marked-to-market daily based upon quotations from market makers and the change, if any, is recorded as unrealized appreciation or depreciation in the statement of operations. Periodic payments received or made at the end of each measurement period, but prior to termination, are recorded as realized gains or losses in the statement of operations.

Realized gains or losses on maturity or termination of interest rate and total return swaps are presented in the statement of operations. Because there is no organized market for these swap agreements, the value reported in the statement of assets and liabilities may differ from that which would be realized in the event the Fund terminated its position in the agreement. Risks may arise upon entering into these agreements from the potential inability of the counterparties to meet the terms of the agreements and are generally limited to the amount of net interest payments to be received and/or favorable movements in the value of the underlying security, instrument or basket of instruments, if any, at the date of default.

The Fund is required to maintain collateral in connection with certain derivatives transactions. At December 31, 1998, the amount of such collateral on deposit for swaps with counterparties was \$2,463,333.

Thai Focused Equity Fund Limited
Notes to Financial Statements
December 31, 1998

At December 31, 1998 the contractual or notional amounts related to derivative financial instruments were as follows:

Total return swap agreements	\$3,370,176
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The fair value and average fair value of such financial instruments were as follows:

	12/31/98 Fair Value	1998 Average Fair Value
Total return swap agreements	\$ (61,410)	\$ (150,241)

F. Organizational Costs

Costs incurred in the organization of the Fund amounting to \$35,425 have been deferred and are being amortized on a straight line basis over a five year period from the commencement of operations.

G. Cash at Brokers

Cash at brokers represents monies maintained in interest-bearing brokerage accounts with Morgan Stanley Dean Witter and Bank of Butterfield. Such monies are restricted as collateral for swaps to the extent of \$2,463,333 as shown on the statement of assets and liabilities.

2. Capital Stock

The authorized common shares of the Fund consist of two classes of common stock. One class ("Investor Shares" or "Class A"), which will be subscribed to by investors, consists of 5,000,000 authorized shares of common stock having a par value of \$0.01 (U.S.) per share. The other class ("Manager Shares" or "Class B"), which will be held solely by the Investment Manager or an affiliate, consists of 10,000 shares of common stock having a par value of \$0.01 that are identical to Investor Shares except that the Manager Shares are entitled to the Incentive Allocation. Transactions in the Fund's shares during the year ended December 31, 1998 were as follows:

	Shares	USD Amount
Opening balance	-	-
Subscriptions	224,228.0543	\$ 29,083,035
Redemptions	<u>(38,557.0749)</u>	<u>(4,876,412)</u>
Net amount	<u>185,670.9794</u>	<u>\$ 24,206,623</u>

A. Offering of Common Shares

The Fund offers its Investor Shares to a limited number of sophisticated investors who meet the requirements set forth in the Fund's Subscription Agreement. In general, Investor Shares may be purchased on the first day of each month or on such other dates as determined by the Fund.

Investor shares are offered at the net asset value as of the close of business on the immediately preceding day. However, when Investor Shares are subscribed for during the course of a fiscal year, certain adjustments to the amount of money paid for the purchase of Investor Shares are necessary.

This is done so that (i) the incentive fee paid to the Investment Manager is charged only to those shares which have appreciated in value since their acquisition, (ii) all shareholders will have the same amount per share at risk and (iii) all shares will have the same net asset value. A specific description of the manner in which these adjustments are made is set forth in the Fund's Offering Memorandum.

B. Redemptions

Any holder of Investor Shares has the right, in accordance with and subject to the applicable provisions of the Articles of Association of the Fund and the laws of the British Virgin Islands, to have all or a portion of his shares redeemed as of the last day of any month or at other times in the discretion of the Board of Directors.

Investor shares will be redeemed at the Redemption Price (as defined below) as of the close of business on such redemption date (as determined in accordance with the applicable redemption provisions set forth in the Articles of Association). The Redemption Price is computed after deduction of the accrued basic fee and incentive allocation payable or allocable to the Investment Manager attributable to the shares redeemed. The shareholder must request such redemption at least thirty days prior to the redemption date.

At redemption, shareholders will be paid an amount equal to the number of shares redeemed multiplied by the Redemption Price. The Redemption Price is defined as (i) the net asset value per share on the date of redemption, and (ii) all or a portion of the "Equalization Factor" per share (as defined in the Fund's Offering Memorandum) to the extent that the increase in value of the shares that caused the payment of the Equalization Factor has not been lost or has not been paid previously to the redeeming shareholder.

Payment in U.S. dollars of the redemption value will be made as soon as practicable but, except in cases where share certificates and share transfers are not delivered, the shareholder will receive at least 90% of the redemption value no later than thirty days following the date of redemption with the balance paid promptly after the receipt by the Fund of its audited financial statements for the fiscal year. Any portion of the redemption value not paid within 30 days of the effective date of redemption will earn interest from the date of redemption at an annual rate equal to the broker's call rate charged by the Fund's principal broker on such applicable date. The Fund has the right to make payment on such redemption in securities owned by the Fund.

Under certain circumstances defined in the Fund's Offering Memorandum, the Fund's Board of Directors may suspend redemptions or redeem all or a part of a shareholder's common shares. Payment of any compulsory redemption will be made in accordance with the procedure applicable to stock which is redeemed at the request of the holder.

3. Related Party and Affiliated transactions

A. Management Fee

Under the management agreement between the Investment Manager and the Fund, the Investment Manager invests the assets of the Fund and is entitled to receive a basic management fee at an annual rate of 1% of the value of the Fund's net assets as of the last day of each calendar quarter adjusted for subscriptions and redemptions made during the quarter and computed without regard to the basic fee payable or any accrued incentive fee for such year. Such fee shall be prorated for periods less than a full calendar quarter. The Fund, in its sole and absolute discretion, may, in effect, waive or reduce the basic management fee to be paid by certain shareholders that are employees or affiliates of the Investment Manager. Included in management fee payable at December 31, 1998 is \$3,678 which was refunded in shares to certain shareholders on January 4, 1999.

B. Incentive Fee

The Investment Manager is entitled to an annual incentive fee equal to twenty percent (20%) of the net profits (including net unrealized gains), if any, during such fiscal year allocable to each common share. Notwithstanding the foregoing, certain shareholders that are employees or affiliates of the Investment Manager may receive an annual rebate in the form of additional common shares or cash payment of the portion of the incentive fee indirectly borne by them but waived by the Fund in its sole discretion. Included in incentive fee payable at December 31, 1998 is \$85,833 which was refunded in shares to certain shareholders in January 1999. If a common share has a loss chargeable to it during any fiscal year and during a subsequent year there is a profit allocable to the common share, there will be no incentive fee payable with respect to the common share until the amount of the loss previously allocated to the common share has been recouped. All or a portion of the incentive fee attributable to a common share may be paid by redemption of a portion of a shareholder's common shares.

The Management Agreement provides that the Investment Manager is entitled to be paid the incentive fee in the following manner: (i) 90% of the estimated incentive fee within thirty days after the end of the fiscal year and (ii) the balance of the incentive fee upon completion of the Fund's audited financial statements. In the event that the Management Agreement is terminated prior to the last day of the fiscal year, the incentive fee will be computed as though the termination date were the last day of the fiscal year.

C. Administration and Accounting Fees

The Fund entered into an agreement with Butterfield Corporate Services Limited (the "Administrator") to perform general administrative tasks for the Fund. The fee paid to the Administrator for the period ended December 31, 1998 was \$66,881.

D. Affiliated Transactions

The Investment Manager and certain shareholders received an annual rebate in the form of additional common shares on the portion of incentive and basic management fee indirectly borne by them but waived by the Fund. At December 31, 1998 the Investment Manager was entitled to receive 215.5175 shares based on the fees waived by the Fund.

E. Investment by Principal

The Principal participates in the performance of the Fund by investing the assets of the Fund as well as via individual investment. The Principal has informed the Fund that at December 31, 1998, the partners of Quest Fund Management, Inc. hold a total investment in the Fund of approximately \$1,400,000.

4. Concentration of Credit Risk

The Fund's portfolio may not generally be diversified at all times. Accordingly, the investment portfolio of the Fund may be subject to more rapid change in value than would be the case if the Fund were required to maintain a wide diversification among securities, companies, countries or industry groups.

A. Non-U.S. Investments

Investing in securities of companies which are generally denominated in non-U.S. currencies, and utilization of non-U.S. currency futures and forward contracts and options on non-U.S. currencies involve certain considerations comprising both risks and opportunities not typically associated with investing in securities of United States issuers. These considerations include changes in exchange rates and exchange control and other regulations; political and social instability; expropriation; imposition of foreign taxes; less liquid markets and less available information than are generally the case in the United States; higher transaction costs; less government supervision of exchanges; brokers and issuers; difficulty in enforcing contractual obligations; lack of uniform accounting and auditing standards and greater price volatility.

B. Broker Balances

The Fund has accounts with Morgan Stanley Dean Witter (the "Broker") through which the Fund executes trades, borrows funds in connection with trades, clears and settles its securities transactions and maintains custody of its securities. Credit risk exists to the extent that the Broker is unable to repay the amounts owed to the Fund.

Additionally, at December 31, 1998, substantially all of the securities owned by the Fund as reflected on the statement of assets and liabilities were maintained with the Broker.

5. Off-Balance Sheet Risk

The Fund enters into investment transactions which may represent both off-balance sheet market risks and off-balance sheet credit risks. An off-balance sheet market risk exists when the maximum potential loss on a particular investment is greater than the value of such investment, as reflected on the Fund's balance sheet. Off-balance sheet credit risk exists, among other situations, when the collateral received by the Fund from the counterparty to an agreement with the Fund proves to be insufficient to cover the Fund's losses resulting from a default by the counterparty of its obligation to perform under the terms of the agreement. Transactions in the following instruments represent off-balance sheet market and credit risks associated with the Fund's current and/or future portfolio.

A. Securities Sold Short

The Fund may sell borrowed securities which are subsequently repurchased and returned to the lender, thereby creating a liability to repurchase the security in the market at prevailing prices. Short selling allows the investor to profit from declines in market prices. The liability for such securities sold short is marked to market based on the current value of the underlying security at the date of valuation. These transactions result in off-balance sheet risk as the Fund's ultimate obligation to satisfy the delivery of securities sold short may exceed the amount which may be reflected on the balance sheet. The Fund did not enter into any short sales from the commencement of operations through the period ended December 31, 1998.

B. Forward and Futures Contracts

The Fund may enter into forward and futures contracts which to varying degrees, represent a market risk in excess of the amount reflected on the Fund's balance sheet. The notional amount of the contract represents the extent of the Fund's participation in these financial statements. Market risks associated with forward and futures contracts arise due to the possible movements in foreign exchange rates, indices, and securities values underlying these instruments. Other market and credit risks include the possibility that there may be an illiquid market for the contracts, that the change in the value of the contract may not directly correlate with changes in the value of the underlying currencies, commodities, indices, or securities, or that the counterparty to a forward contract defaults on its obligation to perform under the terms of the contract. The Fund did not enter into forward or futures contracts from the commencement of operations through the period ended December 31, 1998.

C. Option Transactions

The Fund may purchase or sell put or call options. The purchase or sale of an option involves the payment or receipt of a premium by the investor and the corresponding right or obligation, as the case may be, to either purchase or sell the underlying security, commodity or other instrument for a specific price at a certain time or during a certain period.

Purchasing options involves the risk that the underlying instrument's price does not change in the manner expected, so that the option expires worthless and the investor loses its premium. Selling options, on the other hand, involves potentially greater risk because the investor is

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exposed to the extent of the actual price movement in the underlying security rather than only the premium payment received. Over-the-counter options involve counterparty solvency risk. The Fund did not purchase or sell any options from the commencement of operations through the period ended December 31, 1998.

D. Swaps

The Fund may enter into swap agreements to exchange the return generated by one security, instrument or basket of instruments for the return generated by another security, instrument or basket of instruments. See Note 1(E) for additional information.

6. Subsequent Events

As of January 1, 1999, the Fund terminated its relationship with Butterfield Corporate Services, as administrator. The Fund has entered into an administrative agreement with Bermuda Trust (Far East) Limited to provide administrative services to the Fund as of January 1, 1999.

From January 1, 1999 to March 1, 1999, shareholders contributed a total of \$1,759,842 (inclusive of \$459,948 in advance contributions at December 31, 1998) to the Fund and withdrew \$5,684,783 from the Fund.

Effective May 19, 1999, the Board of Directors of the Company adopted a resolution to issue 1,019,9970 Class B Manager Shares at \$.01 per share to the Investment Manager as of September 30, 1998. Such shares are owned only by the Investment Manager and its affiliates and were issued in order to allocate the incentive fee portion of the Company's net profits to such shares. Payments of the incentive fee allocation to the Investment Manager are effected as dividends from such shares.